

## Socio-Economic Determinants of Life Assurance Purchase in Nigeria

\*O. S. Fadun<sup>1</sup>, O. A. Isimoya<sup>2</sup> & A. O. Ugwuoke<sup>3</sup>

<sup>1,2</sup>Department of Actuarial Science & Insurance, University of Lagos, Nigeria

<sup>3</sup>Department of Insurance and Risk Management, Enugu State University of Science and Technology,  
Enugu State, Nigeria

\*Corresponding email address: [sofadun@yahoo.co.uk](mailto:sofadun@yahoo.co.uk)

### Abstract

*This study examined the socio-economic determinants of life assurance purchase in Nigeria. It explored the effect of education, occupation, level of income, and price of life insurance policies on purchasing life insurance products. The study employed a survey research design. The study population was the civil servants in the Enugu State Government ministry, while a convenient sampling technique was used to select 240 civil servants who participated in the study. A suitable sampling technique was used to collect data from the selected respondents (civil servants) from the Enugu State Government Ministries (ESGMs). Linear regression analysis was employed to validate the research hypothesis at a 0.05 significant level. The statistical result showed that education and occupation have 39% and 40.5% respective influence on the purchase of life assurance products in Nigeria. The analysis also revealed that income level and premium (price) have 39.9% and 55.6% influence on the purchase of life assurance products respectively. The most important finding of this study was that socio-economic variables such as education, occupation, income level and the prices (premium) of life assurance policies are significant determinants of life assurance products purchase in Nigeria. Therefore, it was recommended that the regulatory bodies and stakeholders should consider introducing insurance education in schools, radio and televisions stations where the significance and mechanisms of life assurance can be discussed. That life assurance sellers should focus on creating special products for people whose jobs present greater than average risks. It was equally recommended that occupation, income and prices of life assurance products should be factors in product design and sales since they are all significant determinants of life assurance purchase. The study contributes to knowledge by establishing a significant relationship between education, occupation, income and price (premium) with the purchase of life assurance policies.*

**Keywords:** Life-Assurance, Life Assurance Purchase, Insurance Industry, Insuring Public

---

### 1.0 Introduction

The insurance sector is part of the financial sector. The insurance sector plays a significant role at an individual level and in the economy as a whole (Fadun and Silwimba, 2023). It contributes to the country's GDP, creates employment opportunities, and encourages savings, investment and development of capital markets (Fadun, 2021; Fadun and Shoyemi, 2018; Curak, Dzaja, and Pepur 2013). For instance, the finance and insurance sectors contributed 3.49 per cent, higher than 3.16 per cent in the third quarter of 2021 to Nigeria's GDP (Tokede, 2024). Life assurance reduces the financial and social burden on the community (Shahnaz & Margaret, 2019). Furthermore, life assurance contributes to capital accumulation for economic

investment purposes. For example, life insurance companies invest earned premiums into the economy, boosting the country's GDP. Life assurance provides financial security and planning, reduces psychological effects and develops saving habits for individuals (Fadun and Oluwaleye, 2023; Redzuan, 2014; Yilma, 2014).

Notwithstanding the importance of life assurance to a nation's economy, the Nigerian insurance market is still underdeveloped. According to the World ranking, the Nigerian insurance industry is 62, with \$1.64 billion in premiums, totalling 0.2% of global insurance premiums in 2018 (Tokede, 2024). Nigeria's total life assurance premiums surpassed 600 million euros for the first time from the 545.2 million euros recorded in the preceding years. However, life assurance performance in Nigeria was described as the lowest and worst in Africa, with a 0.5% penetration rate as of March 2022 (World Bank, 2023). This penetration rate is still lower even compared with the insurance penetration rate of some other African countries such as South Africa (15.3%), Namibia (8.1%), Botswana (3.9%), Morocco (3.4%), Kenya (2.5%), Tunisia (2.0%), Angola (1.4%) and Egypt (0.9%) (Mezgebe, 2015).

Some researchers have asserted that socioeconomic factors significantly impact the purchase of life assurance, including economic, legal/political, age, education, young dependency ratio, life expectancy, social security and social factors (Fofie, 2016; Outreville, 2013). However, in Nigeria, few published studies examined the effects of socioeconomic factors on the demand for life assurance. Meanwhile, many Nigerians (especially those with low-income levels) perceive insurance as a luxury rather than a necessity. Hence, many Nigerians do not purchase insurance policies to manage future unforeseen misfortunes. This study examined the socio-economic determinants of life assurance purchase in Nigeria. Given the significance of life assurance to individuals and the economy, what could influence peoples' decision to patronize life assurance products? To answer this question, this study examined whether socio-economic variables (education, income, occupation, and price of life insurance) are among the determinants of life assurance purchase in Enugu State, South East Nigeria.

### **1.1 Statement of the Problem**

The purchase of life insurance products is necessary because it determines the survival of the life assurance business in Nigeria. The inability to recognise the internal and external factors affecting life insurance product purchases is a notable evil to a country's business survival (Idowu & Fadun, 2022). Hence, this study categorises factors that could make or mar the purchase of life insurance policies into two, namely, internal (culture and personal characteristics of the insuring public) and external factors (Product, price,



place, and promotion). Lack of awareness and insufficient knowledge of insurance benefits influence the patronage rate (Olagbegi, 2018; Francis, Samuel, Ernest, and Samuel, 2017).

A more significant number of the research carried out in this study area are foreign nations, particularly in advanced nations. Hence, the results from their studies may not agree with those of other nations, such as Nigeria, because of variations in culture, communal, commercial and legal settings. Hence, their findings may be inconsistent when compared to the Nigeria situation. In addition, the few studies conducted in this area in Nigeria focused on investigating factors influencing the demand for life assurance by obtaining secondhand information from selected participants. Hence, their focus is usually on education, dependency ratio, marital status, life expectancy, interest rate, inflation rate and other macroeconomic variables, that are obtainable through secondhand information. Other variables (including education, occupation, income and premium) are added up by bringing them together at a subsistent level through a primary source, such as questionnaires

To date, no specific model is designed to determine the relative impact of these socio-economic variables on life assurance purchase and their possible link between the insurance sector and the other sectors of the economy. No consensus has been reached regarding Nigeria's determinants of life assurance purchases. In line with this background, this research has added to the existing literature in the area under study, bridges the gaps created by other studies, and forms a foundation for more comprehensive studies. Hence, this study is centred on socio-economic determinants of Nigeria's life assurance purchase. It, therefore, reflects on other factors like education, occupation, income and the price (premium) of life assurance policies among Nigeria's determinants of life assurance purchase.

## **2.0 Literature Review**

### **2.1 Conceptual Review**

#### **Life Assurance**

Life assurance is concerned with the business of obtaining an insurance contract upon the life of a person, as well as other insurance contracts where monetary payment is guaranteed when one dies or the occurrence of any eventuality that is reliant on human life and any agreement which is subject to premiums payment for a term based on a person's life (Fadun and Oluwaleye, 2023; Epetimehin, 2011). It is a social and economic tool that is vital for the protection of social vices. Life insurance is equally a financial tool for dealing with the risk associated with the economic activities of individuals in societies. It is a social scheme that prevents the adverse effect of economic misfortune that may occur due to the death or disability of a breadwinner in the family (Madukwe and Anyanwaokoro, 2018). Therefore, life insurance products are saving tools that provide saving mediums for consumers and enhance saving culture in the economy.

Death is not often considered a risk, but its timing is. The premature death of a breadwinner could impose temporal or permanent hardship on the family or relatives of the deceased. Hence, life insurance is a means to secure a steady income for a deceased person's beneficiaries. Omar and Owusu-Frimpong (2007) described life assurance as handling risk, financial investment or a savings medium. In this study, life assurance is described as a policy of insurance that provides coverage against the life of a person (life assured or policy owner) upon the payment of premiums to a life office (life assurance provider) for the payment of benefit upon the death of the life assured or any person upon which the contract depends. In alleviating unpleasant and devastating situations, life insurance cannot be overemphasized (Fadun & Oluwaleye, 2023). This is why it is necessary to understand the socio-economic factors determining the life insurance business purchase in Nigeria. This is necessary to ensure maximum performance of life assurance business in Nigeria.

### **Factors Affecting Life Insurance Purchases in Nigeria**

#### **Life assurance premium**

Life assurance premium is the amount payable for life assurance coverage. Supposing other circumstances are static, life assurance policy demand negatively correlates with its premium. When a life assurance premium rises, its demands fall. When the income from life assurance is used to quantify life assurance demand, the reverse variation in life assurance demand and prices may be interpreted by the price elasticity of life demand. The price elasticity of life insurance demand is concerned with the ratio of the percentage change in life insurance demand to the percentage change in life assurance price (Yufei, 2021). Life assurance policies have varied price elasticities, same life policy may differ under varied circumstances. In addition, whether life assurance is regarded as a necessity or a luxury by the buyers makes the price elasticity of life assurance demand different. However, the regard for life assurance as a need is a function of economic development and the people's per capita income.

#### **Level of Educational**

The level of education in this context refers to the academic/intellectual exposure of the public and their knowledge of insurance generally, and more specifically, the life assurance policies. The extent to which people have been educated in any nation or society accounts for their life assurance product purchases. Improving people's overall education level could result in a reduced probability of risk occurrence since more attention will be paid to the importance of life assurance. Dale and Lila (2018) revealed an overwhelming relationship between life assurance and education. The more the insuring public is exposed through education, the easier it becomes to view life assurance as necessary. Therefore, education is an essential determinant of life assurance purchase in Nigeria.

### **Occupation**

The nature of one's occupation is a significant determinant of life assurance purchase. People who are engaged in hazardous occupations are more likely to buy life insurance than those whose jobs are perceived to be relatively safer (Idowu & Fadun, 2022). Military and para-military personnel, miners, pilots, sportsmen and women, health workers, and the like are considered to be in hazardous occupations and, as such, buy life assurance policies more in order to provide for their dependents in the case of death or permanent disabilities. Similarly, Liebenberg (2010) stated that people who recently secured jobs are likelier to buy life insurance than others. Also, key office positions reflect how one sees his future and economic complications.

### **Level of Income**

Individuals' income level is another crucial determinant of life assurance purchases in Nigeria. Like other products, life assurance becomes more affordable with increased income. Employment is the primary channel of revenue. The theory of consumption states that it is an underlying determinant of income dispersal between consumption and saving (Shahrzad and Mohammadreza, 2016). Consequently, those who earn money through their jobs or businesses will demand life assurance more than those who do not. Individuals who do not earn money in any way will naturally not be interested in buying life insurance policies, not minding how cheap they are. According to KPMG (2023), Nigeria's unemployment rate is 41%, and chances are that the GDP will further decline up to 3% in 2023 following the go-slow in economic activities that was given rise to by the political transition in the country. Given this, Nigerians may not want to prioritize life assurance policies over food or other essential things of life.

## **2.2 Theoretical Framework**

The purchase of life assurance policies is often clarified with the help of the life-cycle models. Its focus is on how groups or individuals can maximise their anticipated satisfaction with lifetime consumption. Hence, to achieve the purpose of this study, the life-cycle utility theory was considered. The concern for life assurance purchase is not new in the developed world and was elaborated by Yaari (1965), who was among the prominent researchers to map out a model that clarifies the demand for life assurance. He was among the researchers who studied the uncertainty in life assurance demand by mapping out the consumer's lifespan. He established the life-cycle utility model of a consumer as well as presuming a consumer's highest consumption and saving strategies. His results showed that people maximise their expected utility by buying insurance (Yaari, 1965). Fitz-Enz (2010) equally disclosed an S-curve association between assurance penetration and income per capita. This association reveals that life assurance purchases grow as consumers' economic levels rise. However, as time passes and the people's economic level slows or



reduces, insurance patronage reduces. A long-term prediction for life assurance purchases can be made using this model to study Nigeria's determinants of life assurance purchases.

Other researchers including Lin, (2016), Bernheim, Braghieri, Martinez-Margina and Zuckerman, (2011) and Lewis, (1989) adapted a life-cycle model in a household survey data which was carried to determine the behaviour of households in demand for life assurance. Therefore, what distinguishes their work with this study is their concentration on only the lifetime uncertainty of a consumer in the model, disregarding all other uncertainties that a consumer could encounter (like the uncertainty of future prices of life insurance policies, education, occupation and income of the insuring public). This is, however, the gap covered in this study. Hitherto, little attention was given to this area by other researchers.

### **2.3 Empirical Review**

Aderaw (2013) investigated the determining factor for life assurance patronage using time series data between 1991 and 2010. The author concluded that per capita earnings, life expectancy, actual interest rate and inflation significantly determine life assurance purchases. Curak, Dzaja, and Pepur (2013) analysed Croatia's social and demographic determinants of life insurance consumption. The study collected the required data from primary sources through a questionnaire. It was found that age, education, and employment were among the factors affecting the life insurance demand of households. Similarly, Redzuan (2014) conducted a study by collecting data from 1970 to 2008 to investigate the driving force of life assurance demand and family consumption. The analysis results suggest that income, number of dependents, and education positively influence life insurance demand and family consumption. Likewise, social security, inflation, and interest rates were discovered to affect the demand for life assurance negatively.

Based on survey data collected by the Bank of Italy in 2012, Luciano, Outreville, and Rossi, (2015) estimated the influence of microeconomic determinants for men and women on life insurance purchase decisions. The result showed that women are less likely to buy insurance policies than men. Income, family structure, employment status, and sources of finance were discovered to be among the determinants of life assurance patronage. Ondruska, Pastorakova, and Brokesova (2016) used primary data to study the personal, demographic and economic factors that determine the consumption of life insurance policies. It was concluded that age, education, income/savings and employment status significantly determine life insurance purchase. Similarly, Simon (2016) examined the macro-level variables influencing Ethiopia's life assurance purchase using secondary data from 15 years, from 2000/2001 to 2014/2015. In line with the regression analysis, it was noted that price increases, price, age and reliance ratio negatively affect the

purchase of life assurance in the study area. Novovic, Cerovic, Lipovina, and Lalevic, (2017) also researched the same area to identify the main variables affecting life assurance demand in Western Balkan countries through panel data from 2005 to 2015. The regression results disclosed that Gross Domestic Product (GDP) and wages significantly and positively impact the demand for life insurance.

### **Hypotheses Formulation**

Based on the literature review, the following hypotheses are formulated for this study:

**Ho1:** There is no positive relationship between education level and the purchase of life assurance policies.

**Ho2:** The proposer's occupations do not positively impact purchasing life assurance policies in Nigeria.

**Ho3:** Income level does not have a significant relationship with Nigeria's purchase of life assurance policies.

**Ho4:** Life assurance premium has no significant relationship with the purchase of life assurance policy.

### **3.0 Research Methodology**

The survey research design was used for this study. This research design was most appropriate for the study because it was focused on statistical relationships between variables that can be measured. It is a descriptive research approach integrating qualitative and quantitative data to provide valuable and correct information. It is a type of research design involving the study of a sample group of an entity that represents an entire group. Hence, a descriptive survey research design is appropriate since data was obtained from a representative sample of the total number of public civil servants in Enugu State. The data was organised and described with the help of a questionnaire. The population of this study is the civil servants in Enugu State Government Ministries. According to the Enugu State Civil Service Commission (2023), there are thirty-one ministries within the Enugu State Government.

The researcher used a convenient sampling technique to select the participants from sixteen ministries of the Enugu State Government. As such, fifteen civil servants were selected from each ministry. Hence, the sample size for the study was two hundred and forty (240) public civil servants in Enugu State, Nigeria. The sixteen ministries involved in the study include the Ministry of Agriculture, Budget and Planning, Commerce and Industry, Culture and Tourism, Education, Environment and Mineral Resources, Finance and Economic Development, Gender Affairs and Social Development, Housing, Information, Lands, Science and Technology, Transport, Works and Information, Youths and Sports, and Enugu State Ministry of Water Resources.



A semi-structured questionnaire was used for data collection for this study. A Likert scale measurement format of ‘Strongly Agree’, ‘Agree’, ‘Strongly Disagree’, and ‘Disagree’ was adopted. The researcher conducted a pilot study on twenty (20) University of Nigeria, Enugu Campus staff to ensure the instrument was reliable. Cronbach's statistical tool was used to analyse the data obtained from the pilot study. Hence, the data yielded an overall reliability index of 0.75 for clusters, which shows that the instrument was adequate for the study. Simple Linear Regression was used to test the hypotheses at a 0.05 significance level. The extent of the respondents’ agreement or disagreement with the research instrument was used to ascertain the contribution level of the research's independent variables (socioeconomic variables) on the dependent variable (life Insurance Purchase).

**3.1 Model Specification**

A model was developed to validate the research hypotheses. The model is on the socio-economic factors determining Nigeria's purchase of life assurance policies. It emphasises the relationship between socio-economic factors such as education, occupation, income, and price (premium) and the purchase of life assurance policies. The equation of the model is given as:

**Model 1**

LAPurch = f(Edu) .....1

Where: LAPurch = Life Assurance Purchase

Edu = Education

**Estimated as:**

LAPurch =β0 + β1Edu + εi .....2

**Model 2**

LAPurch = f(Occu) .....3

Where: LAPurch = Life Assurance Purchase

Occu = Occupation

**Estimated as:**

LAPurch =β0 + β1Occu + εi .....4

**Model 3**

LAPurch = f(Inco) .....5

Where: LAPurch = Life Assurance Purchase

Inco = Income

**Estimated as:**





$$LAPurch = \beta_0 + \beta_1 Inco + \epsilon_i \dots\dots\dots 6$$

**Model 4**

$$LAPurch = f(Pri) \dots\dots\dots 7$$

Where: LAPurch = Life Assurance Purchase

Pri = Price

**Estimated as:**

$$LAPurch = \beta_0 + \beta_1 Pri + \epsilon_i \dots\dots\dots 8$$

Therefore, the comprehensive model is:

$$LAPurch = \beta_0 + \beta_1 Edu + \beta_1 Occu + \beta_1 Inco + \beta_1 Pri + \epsilon_i \dots\dots\dots$$

**4.0 Data Analysis and Results**

The data was analysed based on the research objectives. The descriptive statistics of the data collected are presented in Tables 4:1 – 4:4.

**Descriptive Statistics of the mean rating regarding the relationship between the level of education and the purchase of life assurance policies in Nigeria.**

N	Minimum	Maximum	Mean	Std. Deviation
240	1	4	2.51	1.113
240	1	4	2.32	1.074
240	1	4	2.17	1.102
240	1	4	2.77	1.041
240	1	4	2.35	1.088
Overall Mean			2.4	

**Source: Researchers' Computation using SPSS Statistics**

The table above shows the mean rating of the responses from the respondents concerning the relationship between education and the purchase of life assurance. The variation in the answers provided by 240 respondents was according to personal views. However, the overall mean of 2.4 indicates that not all the respondents agreed that education level significantly affects Nigeria's purchase of life assurance policies. This aligns with Uzoagulu (2011), who stated that a mean rating of 2.50 and above should be considered positive.

**Descriptive Statistics of the mean rating regarding the relationship between occupation level and the purchase of life assurance policies in Nigeria.**

N	Minimum	Maximum	Mean	Std. Deviation
240	1	4	2.73	1.084
240	1	4	3.20	.833
240	1	4	2.16	.982
240	1	4	2.52	1.039
240	1	4	2.36	1.029
Overall Mean			2.6	

**Source: Researchers' Computation using SPSS Statistics**

The mean rating resulting from the analyses of the respondents' responses regarding how occupation determines the purchase of life assurance policies in Nigeria are indicated in the table above. Uzoagulu (2011) noted that an overall mean rating of 2.50 and above indicates positive. Hence, the overall mean rating of 2.6 shows that one's occupation significantly determines his/her demand for life assurance policies. This is especially true as the nature of one's job significantly determines his/her loss of exposure.

**Descriptive Statistics of the mean rating regarding the relationship between Income Level and the purchase of life assurance policies in Nigeria.**

N	Minimum	Maximum	Mean	Std. Deviation
240	1	4	2.53	1.018
240	1	4	2.86	1.000
240	1	4	2.57	1.029
240	1	4	2.82	.999
240	1	4	2.78	1.025
Overall Mean			2.7	

**Source: Researchers' Computation using SPSS Statistics**

The above table shows the mean ratings and overall mean emanating from the data analyses concerning the relationship between the level of income and the purchase of life assurance policies in Nigeria. The overall mean of 2.7 indicates a significant relationship between people's income level and purchasing life assurance policies. Life assurance providers may be patronised more in an economy where a significant number of people have sources of income. However, there is underemployment in the reverse since only a few individuals have income.

**Descriptive Statistics of the mean rating regarding the relationship between price (premium) and the purchase of life assurance policies in Nigeria.**

N	Minimum	Maximum	Mean	Std. Deviation
240	1	4	2.57	1.144
240	1	4	3.12	.987
240	1	4	3.05	.911
240	1	4	2.72	1.080
240	1	4	2.56	1.133
Overall Mean			2.8	

**Source: Researchers' Computation using SPSS Statistics**

The mean ratings and overall mean resulting from the data analyses of the respondents' responses regarding the relationship between price (premium) and life assurance purchase are shown in the table above. The overall mean of 2.8 shows a significant relationship between the price of life assurance and the purchase of life assurance policies. This shows a significant reduction in life assurance policies' prices (premiums) would attract more buyers and vice versa.

**Test of Hypotheses**

**The Hypothesis was tested below with aid of simple Linear Regression**

**Hypothesis One Testing**

**H<sub>01</sub>:** There is no positive relationship between education level and the purchase of life assurance policies.

**Result of regression analysis showing the relationship between level of education and the purchase of life assurance policies.**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.625 <sup>a</sup>	.390	.388	.67139	
Explanatory Variable	Unstandardized Coefficients		Standardized Coefficients	t-value	p-value.
	B	Std. Error	Beta		
Constant	1.452	.115		12.664	.000
Level of Education	.540	.044	.625	12.339	.000

**Source: Researchers' Computation using SPSS Statistics**

The table shows that the Level of Education ( $\beta = 0.540$ ,  $t = 12.339$ ,  $p < 0.01$ ) has a significant relationship with the purchase of life assurance policies in Nigeria. Hence, the null hypothesis is rejected against the alternative hypothesis. This positive relationship implies that the more people are educated, the more likely life assurance companies will sell life assurance products. The result reveals that the level of education has a 39% decisive influence on the insuring public's purchase of life assurance policies.

**Hypothesis Two Testing**

**Ho<sub>2</sub>:** The proposer's occupations do not positively impact purchasing life assurance policies.

**The result of regression analysis showing the relationship between occupations and the purchase of life assurance policies**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.637 <sup>a</sup>	.405	.403	.66293	
Explanatory Variable	Unstandardized Coefficients		Standardized Coefficients	t-value	p-value.
	B	Std. Error	Beta		
Constant	1.111	.136		8.147	.000
Occupation	.636	.050	.637	12.739	.000

**Source: Researchers' Computation using SPSS Statistics**

The table reveals that Occupation ( $\beta = 0.636$ ,  $t = 12.739$ ,  $p < 0.01$ ) has a significant relationship with the purchase of life assurance policies in Nigeria. This led to the acceptance of the alternative hypothesis and the rejection of the null hypothesis. As indicated in the table, one's occupations significantly relate to the person's life assurance purchasing habit. It is assumed that people who are engaged in hazardous occupations such as sports, asbestos workers, miners, armed forces, etc., are deemed to require life assurance policies more than civil servants. It was revealed that occupation has a 40.5% significant influence on purchasing life assurance policies

**Hypothesis Three Testing**

**Ho<sub>3</sub>:** Income level does not have a significant relationship with Nigeria's purchase of life assurance policies.

**The results of regression analysis show the relationship between Income Level and the purchase of life Assurance Policies**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.631 <sup>a</sup>	.399	.396	.66664	
Explanatory Variable	Unstandardized Coefficients		Standardized Coefficients	t-value	p-value.
	B	Std. Error	Beta		
Constant	1.009	.146		6.913	.000
Income Level	.646	.051	.631	12.563	.000

**Source: Researchers' Computation using SPSS Statistics**

The above table reveals that Income Level ( $\beta = 0.646$ ,  $t = 12.563$ ,  $p < 0.01$ ) has a significant relationship with the purchase of life assurance policies in Nigeria. It indicates that the amount people earn as either salaries or wages significantly determines whether they will buy a life assurance policy. It was discovered that income level has a 39.9% significantly influences purchasing life insurance policies. Therefore, the alternative hypothesis was accepted while the null hypothesis was rejected.

**Hypothesis Four Testing**

**H<sub>04</sub>:** Life assurance premium has no significant relationship with the purchase of life assurance policy.

**The results of regression analysis showing the relationship between price (premium) and the purchase of life Assurance policies.**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.752 <sup>a</sup>	.565	.563	.56685	
Explanatory Variable	Unstandardized Coefficients		Standardized Coefficients	t-value	p-value.
	B	Std. Error	Beta		
Constant	.771	.119		6.480	.000

---

---

Price (premium)	.710	.040	.752	17.592	.000
--------------------	------	------	------	--------	------

**Source: SPSS Statistics Data analysis, 2024**

The table above reveals that life assurance policies' price (premium) ( $\beta = 0.710$ ,  $t = 17.592$ ,  $p < 0.01$ ) is significantly related to the purchase of life assurance policies in Nigeria. Note; the significance level = 0.05. Hence, the null hypothesis is rejected since the P-value is less than 0.05. The amount in the form of a premium attached to each type of life assurance has a decisive influence on purchasing the policies. For instance, (Daria, 2018) stated that a whole-life assurance policy costs more than an Industrial Life Assurance Policy. Hence, people may be forced to buy an industrial life policy even though it may not be a preferred choice because the price of a whole life policy constrains them. Also, the table shows that price (premium) has a 55.6% significant influence on purchasing life assurance policies. The price of the policies may equally affect earnings and insurance penetration. Hence, the insurance industry may consider reducing or regulating the prices of life insurance products to accommodate and meet the life assurance needs of unemployed Nigerians or people with low incomes.

#### **4.1 Discussion of Findings**

The finding revealed that an education level of 39% significantly influences the insuring public's purchase of life assurance policies. This supports the views of Curak, Dzaja, and Pepur (2013) that the social and demographic determinants of life assurance patronage in Croatia are age, education, and employment status. Hence, the need for policymakers to integrate public education into the marketing of insurance products. likewise, this finding agrees with Redzuan, (2014) who noted that education has a positive effect on the demand for life assurance. Therefore, this study establishes that the education level of the public is a significant determinant of life assurance purchase in Nigeria. Consequently, public sensitization on insurance products which could be achieved by introducing insurance curriculum in schools may take the lead.

Similarly, the results indicated that occupation has a 40.5% significant influence on Nigeria's purchase of life assurance policies. This is also consonant with the study of Idowu and Fadun, (2022) who found that people whose occupation present greater risks are more susceptible to life assurance purchase. Therefore, this study established that occupation is a significant determinant of life assurance purchase in Nigeria. Although, life assurance policies are essential for everyone, people whose jobs present more significant

hazards should opt for life assurance coverage. Life insurance policies include term assurance, whole-life, and endowment policies. They are designed to suit different kinds of occupations.

The findings also suggest that the Level of Income has a 39.9% significant influence on purchasing life insurance policies. A high unemployment rate may lead to apathy for life assurance products due to lack of earnings. This is supported by the study of Ondruska, Pastorakova, and Brokesova (2016) who disclosed that income/savings is a significant determinant of life assurance purchase. People with no or low income may be indifferent about insurance services, no matter the skills of insurance marketers. A people with low income may also perceive insurance services, particularly life assurance products, as luxuries rather than necessities. For this reason, life assurance companies ought to consider low-income earners when fixing insurance policy prices (premiums) since the market is regulated. The lower the premium (prices) of life assurance policies, the more likely it is for people, including low-income earners, to purchase life assurance policies since there is an 'Industrial Life Assurance Policy' predominantly designed for households and low-income (Idowu & Fadun, 2022). Hence, income level is a determinant of life assurance purchase.

Finally, the results indicates that price (premium) has a 55.6% significantly determines the purchase of life assurance policies. Like other contemporary products, the demand for life insurance policies will increase when the products are affordable. In other words, this conforms to the law of demand and supply that the higher the price, the lower the demand and the lower the price, the higher the demand (Redzuan, 2014). Hence, the need for Nigerian insurance industry to map out legislation that would ensure that the prices of insurance products, specifically life assurance products, are regulated to make the products attractive.

## **5.0 Conclusion**

The main objective of this study was to investigate the socio-economic determinants of life insurance purchases in Nigeria. It was disclosed that over fifty per cent (50.9%) of the people who participated in the study do not have active life insurance policies. Hence, the purchase of life insurance policies measured by macroeconomic variables (social and economic factors) was low. In the study, however, it is possible to conclude that education level among consumers of life insurance is generally low; education focusing on risks/threat factors will influence peoples' decision to opt for life insurance policies; life insurance policies are essential irrespective of one's occupation; civil servants do not earn enough income to pay the premium (price) of life insurance policies; and low standard of living of civil servants affect their purchase of life insurance policies.

The likelihood of the desire to purchase life insurance increases as the age, development, risk awareness, family size and per capita income level increase. Therefore, education, occupation, income level, and price (premium) were statistically significant variables affecting Nigeria's purchase of life insurance policies. Hence, the study's result revealed a statistically significant relationship between socio-economic variables and Nigeria's purchase of life assurance policies.

### **5.1 Recommendations**

Since education significantly determines the purchase of life assurance products, the regulatory bodies and stakeholders should consider introducing insurance education in schools, radio and televisions stations, where the significance and mechanisms of life assurance will be discussed. They may collaborate with the government to ensure that insurance is included in school syllabuses and studied, not only at the tertiary levels, but secondary and primary school levels also. Insurance marketer should sell to everyone but design special life assurance policies that would provide protections for the people whose jobs present more than average risks. Also, the earnings of the targeted buyers are determining factors of life assurance purchase. Hence, their economic background should be topnotch in product design and price fixing since price is a significant determinant of life assurance purchase.

### **5.2 Contribution to Knowledge**

The study contributes to knowledge by establishing a significant relationship between education, occupation, income and price (premium) with the purchase of life assurance policies.

### **References**

- Aderaw G. (2013). Determinants of life insurance in Ethiopia. *International Journal of Research in Commerce & Management*. 2, 4.
- Bernheim, B. D., Braghieri L., Mrtinez-Margina A., & Zuckerman D. (2011). A Theory of Chosen Preference. *American Economic Review*. 111(2), 720-754
- Curak, M., Dzaja, I., and Pepur, S. (2013). The effect of social and demographic factors on life insurance demand in Croatia. *International Journal of Business and Social Science*. 4, 9.
- Dale B. T. and Lila J. T. (1990). The demand for life insurance in Mexico and the United States: A comparative study. *The Journal of Risk and Insurance*. 57(2), 321-328.
- Daria N., (2018). *Determinants of the Demand for Life Insurance: Evidence from Selected CIS and Cee Countries*. National University "Kyiv-Mohyla Academy" Master's Programme in Economics.
- Dash, G. (2018). Determinants of life insurance demand: Evidences from India. *Asia Pacific Journal of Advanced Business and Social Studies* 4, 2.





- Epetimehin, J. (2011). A study of the factors enhancing the purchase of life insurance in Nigeria. *International Business Management*. 5(3), 124-128.
- Fadun, O. S. & Oluwaleye, T. O. (2023). Life insurance development and economic growth: a case study of Nigeria (2000-2022). *Gusau Journal of Economics and Development Studies*, 4(1), 162-181. <https://doi.org/10.57233/gujeds.v4i1.11>
- Fadun, O. S. & Silwimba, P. (2023). Does insurance promote economic growth? Evidence from Nigeria. *Nigeria Journal of Risk and Insurance*. 13(1), 1-24.
- Fadun, O. S. (2021). Nexus between insurance penetration and economic growth: Evidence from Nigeria. *Nigeria Journal of Risk and Insurance*. 11(1), 20-36.
- Fadun, O. S. & Shoyemi, O. S. (2018). Insurance investment funds and economic growth in Nigeria: An empirical analysis (2000 – 2015). *International Journal of Development and Management Review*, 13(1), 73-88.
- Fitz-Enz., J. (2010). The New HR Analytics: Predicting the Economic Value of Your Company's Human Capital Investments. *American Management Association*. [www.amacombooks.org](http://www.amacombooks.org)
- Fofie, G.A., (2016). What Influence Customer Patronage of Insurance Policies? An Empirical Assessment of Socio-Economic and Demographic Determinants of Insurance Patronage in Ghana. *International Review of Management and Marketing journal*, 6.
- Francis, D., Samuel. O. O. A., Ernest A. D. and Samuel, A., (2017). What are the Socio -Economic Correlates of Life Insurance Purchase? Evidence from the Asokore Mampong Municipality in Ghana. *International Journal of Research in Social Sciences*. 7, 2249-2496
- Ghana Statistical Service, (2014). 2010 population and housing census: Tamale metropolis. *Ghana*. <1-92> ; 28-30
- Idham, M., Hawa, S., Ghazali, R., Paramasivam, S., and John, G. (2014). An overview of demand for life insurance in Malaysia; *International Journal of Humanities and Social Science*. 4(4), 2220-8488
- Idowu, T. S. & Fadun, O. S. (2022). Analysis of insurance products and services effectiveness in rural areas (Case study of Lagos state, Nigeria). *Nigeria Journal of Risk and Insurance*, 12(1), 243-258.
- KPMG (2023). Nigeria's Unemployment Rate to Rise to 41% in 2023. Channels Television. <https://www.channelstv.com>nigeria>
- Lewis B., R. (1989). Quality in the Service Sector: A Review. *International Journal of Bank Marketing*.7(5), 4-12
- Laurent, D. and Kiviyiro, P., (2015). Macroeconomic and demographic determinants of demand of life insurance: A case of Kenya, Nigeria, and South Africa. *Chronicle of the Neville Wadia Institute of Management Studies & Research*. 23, 1.
- Liebenberg, A. P., Carson, J. M., and Hoyt, R. E., (2012). A dynamic analysis of the demand for life insurance. *Journal of Risk and Insurance*. 79, 619-644



- Lin, G. (2016). When the Sea Turned to Silver. *Bulletin of the Center for Children's Books*. Johns Hopkins University Press. 70(2), 4-6
- Luciano, E. Outreville, F. and Rossi, M. (2015). *Life insurance demand: evidence from Italian households; a micro-economic view and gender issue*. Netspar Discussion Paper, University of Turin, Italy
- Madukwe, O. D., & Anyanwaokoro, D. (2018). The causal relationship between life insurance business and economic growth in Nigeria. – <http://www.ijirs.issr-journals.org/> 2351-8014
- Mapharing, M., Otuteye, E., and Radikok, I. (2015). Determinants of demand for life insurance: the case of Canada. *Journal of Comparative International Management*. 18(2), 1-22.
- Marijana, C., Ivana, D., and Sandra, P. (2013). The effect of social and demographic factors on life insurance demand in Croatia. *International Journal of Business and Social Science*. 4, 9.
- Mark J. B. and Kihong K (1993). An international analysis of life insurance demand. *The Journal of Risk and Insurance*. 60(4), 616-634.
- Mezgebe M. (2015). *The Ethiopian Insurance Industry and the Reinsurance Business' Legal Environment: Ethiopian Development Research Institute, Addis Ababa, Ethiopia*
- Novovic, M., Cerovic, J., Lipovina, M. and Lalevic, A. (2017). Impact of economic factors on life insurance development in Western Balkan Countries. *Zb. rad. Ekon. fak. Rij.* 35(2), 331-352
- Olagbegi, L. (2018). *Repositioning the Insurance Industry for a Prosperous Future Insurance*. Future Summit 2008, Transcorp Hilton Hotel Abuja
- Omar, O., E., & Owusu-Frimpong, N. (2007). Life Insurance in Nigeria: An Application of the Theory of Reasoned Action to Consumers' Attitudes and Purchase Intention. *The Service Industries Journal*. 27(7), 963-976.
- Ondruska, T., Pastorakova, E., and Brokesova, Z. (2016). *Personal, Demographic and Economic Determinants of the Life Insurance Consumption. Sixth Asia-Pacific Conference on Global Business, Economics, Finance and Social Sciences (AP16Thai Conference)*
- Outreville, F.J. (1996) Life insurance markets in developing countries. *Journal of Risk and Insurance*. 63(2), 263-278.
- Redzuan, H. (2014). *Analysis of the demand for life insurance and family takaful*. Proceedings of the Australian Academy of Business and Social Sciences Conference (in partnership with The Journal of Developing Areas)
- Shahnaz, N. and Margaret, S. (2019). The determinants of life insurance demand: A focus on saving motives and financial literacy. *Asian Social Science. Published by the Canadian Center of Science and Education*. 9(5), 1911-2017.
- Shahzad S., Mohammadreza S., (2016). The effect of social and demographic and economic factors on life insurance demand. *Peer Reviewed & Indexed Journal. University College of Commerce & Business Management Osmania University, Hyderabad, India*. 1, 2349- 6738



- Simon, N. (2016). Macro level determinants of life insurance purchasing demand in Ethiopia. *International Journal of Research in Economics and Social Sciences (IJRESS)*. 6, 170-189
- Thorsten, B. and Ian, W. (2002). *Economic, Demographic, and Institutional Determinants of Life Insurance Consumption across Countries*. World Bank and International Insurance Foundation.
- Tokede, K. (2024). *Financial Sectors' Contribution to GDP Shrink 8.94% to N771.06bn on Inflation, FX Crisis*. Punch [Online]. Available at: <https://www.thisdaylive.com/index.php/2023/11/27/financial-sectors-contribution-to-gdp-shrink-8-94-to-n771-06bn-on-inflation-fx-crisis>. Retrieved on 1 February 2024.
- Uzoagulu, A.O. (2011). *Introduction to Business Research*. Uwani, Enugu, Nigeria: Einwanne Publishers.
- Yaari, M., E. (1965). Uncertain Lifetime, Life Insurance, and the Theory of the Consumer. *The Review of Economic Study*. 32(2), 137-150
- Yilma, A. (2014). *Determinants of life insurance demand in Ethiopia*. Doctoral Thesis in the Department of Accounting and Finance, Addis Ababa University, Addis Ababa.
- Yufei, L. (2021). Analysis of Factors Affecting Life Insurance Demand in China. *Advances in Economics, Business and Management Research*. 3<sup>rd</sup> International Conference on Economic Management and Cultural Industry, 203.