

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**COLLEGE OF HUMANITIES AND SOCIAL SCIENCES**

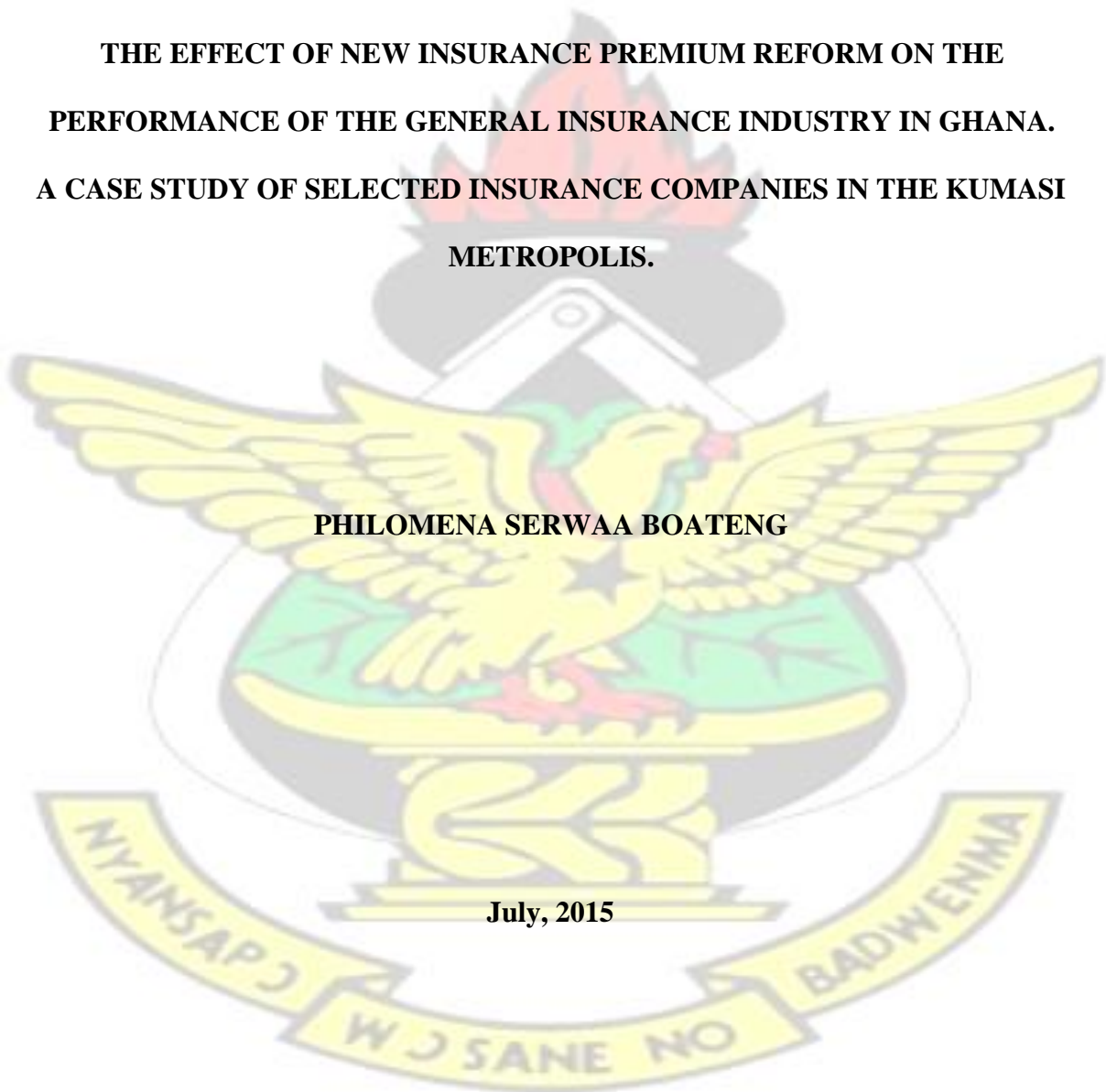
**SCHOOL OF BUSINESS**

**KNUST**

**THE EFFECT OF NEW INSURANCE PREMIUM REFORM ON THE  
PERFORMANCE OF THE GENERAL INSURANCE INDUSTRY IN GHANA.  
A CASE STUDY OF SELECTED INSURANCE COMPANIES IN THE KUMASI  
METROPOLIS.**

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**July, 2015**





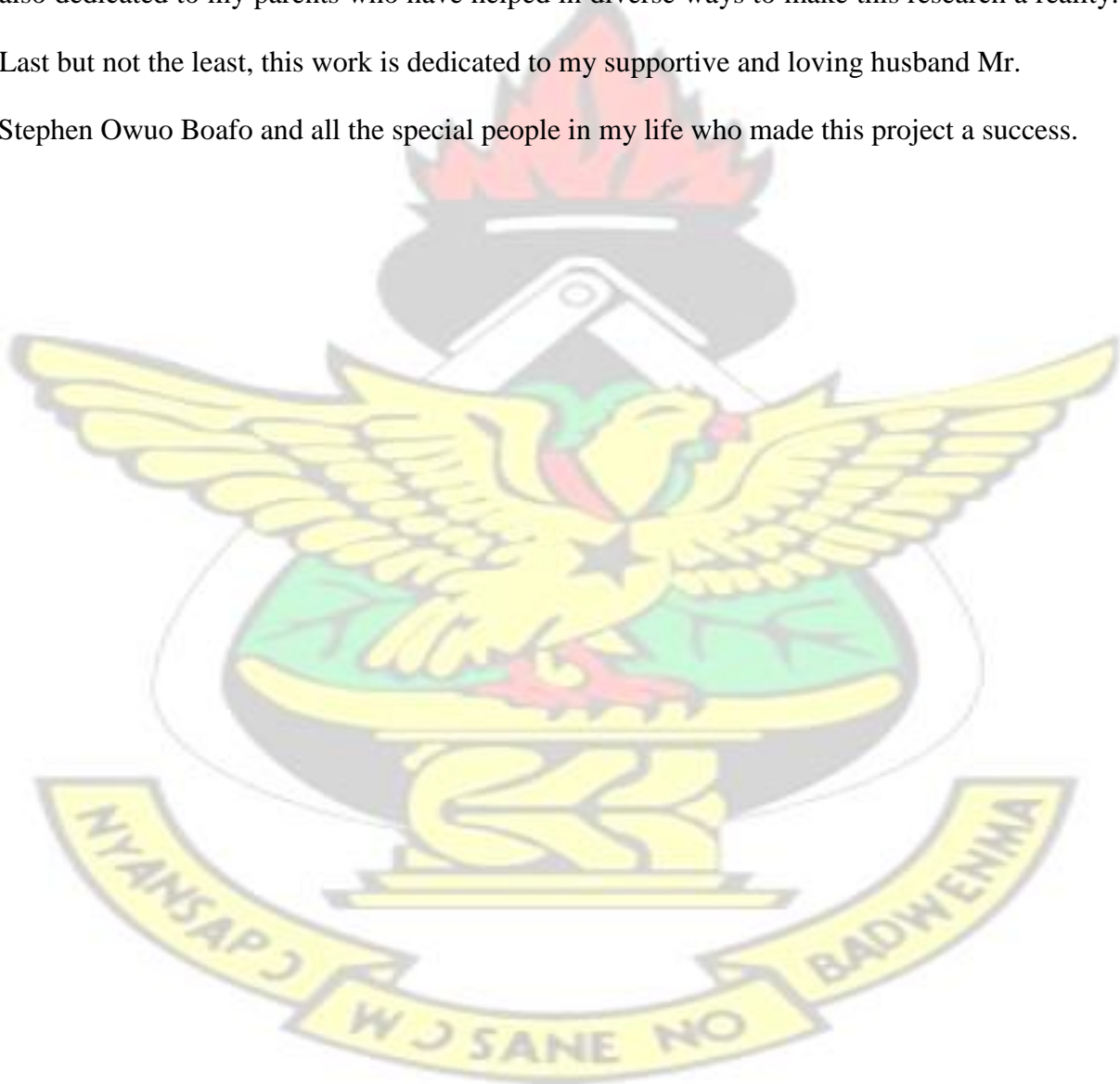
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## DEDICATION

This work is dedicated to the Almighty God for His unfailing grace and direction. This work is also dedicated to my parents who have helped in diverse ways to make this research a reality.

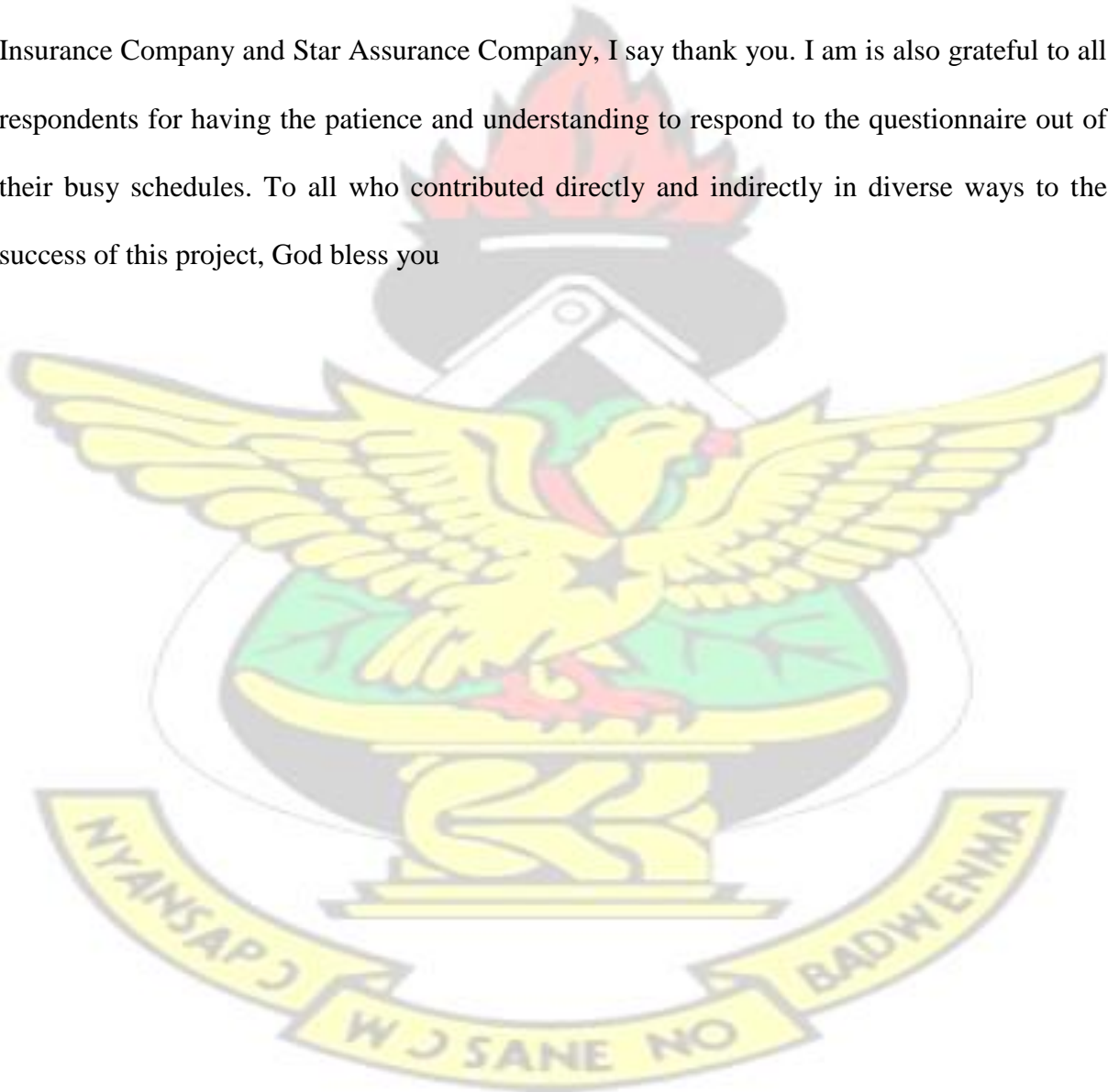
Last but not the least, this work is dedicated to my supportive and loving husband Mr.

Stephen Owuo Boafo and all the special people in my life who made this project a success.



## ACKNOWLEDGEMENT

I wish to first of all express my utmost gratitude to the Almighty God who has been my helper and strength throughout my study. I also express my sincere gratitude to my supervisor Dr. Wilberforce A. Owusu - Ansah for his patience and supervisory skills. To Metropolitan Insurance Company and Star Assurance Company, I say thank you. I am is also grateful to all respondents for having the patience and understanding to respond to the questionnaire out of their busy schedules. To all who contributed directly and indirectly in diverse ways to the success of this project, God bless you



## **ABSTRACT**

The study was designed to examine the effect of the new premium reforms on the performance of the general insurance industry in Ghana, a case study of selected Insurance Companies in Kumasi metropolis. The population comprised the clients and employees of Metropolitan Insurance Company and Star Assurance Company in Kumasi Metropolis. A sample size of two hundred (200) was drawn from both customer and employee population. The statistical methods employed on the basis of research questions, were descriptive statistics using the statistical software Statistical Package for Social Scientist (SPSS). The study has show that majority of the clients are aware of the new reforms, and if not the name the payment of premiums upfront. Prompt claims payment, saving time of going after debtors and profit making were some of the prospects identified with new reforms. Non wider awareness of the new premium policy and no flexibility at all was some of the implementation problems identified. It was revealed that there is a negative relationship between outstanding premiums and claims payment. It was also revealed that the new reforms had a positive effect on the performance of the general insurance industry as compared to the pre reform period. The study revealed that, majority of the clients were aware of the new reforms, and that those who are not aware of the name no premium no cover are aware of the payment upfront of premiums. On the prospects of the new reforms it was revealed that prompt claims payment, saving time of going after debtors and profit making were what the reforms is contributing now and will be strengthened in the near future. It was also revealed that non wider awareness of the new premium policy and no flexibility at all was some of the implementation problems identified. Therefore it was recommended that various insurance companies should undertake intensive education to explain further to the insurers and some level of flexibility at least a month can be allowed as a grace period for payment of premiums. It was revealed that there is a negative relationship between outstanding premiums and claims payment. It was also revealed that the new reforms had a positive effect on the performance of the general insurance industry as compared to the pre reform period. It was therefore recommended that National Insurance Commission should undertake strict monitoring and sanctioning of insurance industries which fails to comply with the new reforms policy to ensure its affectivity.





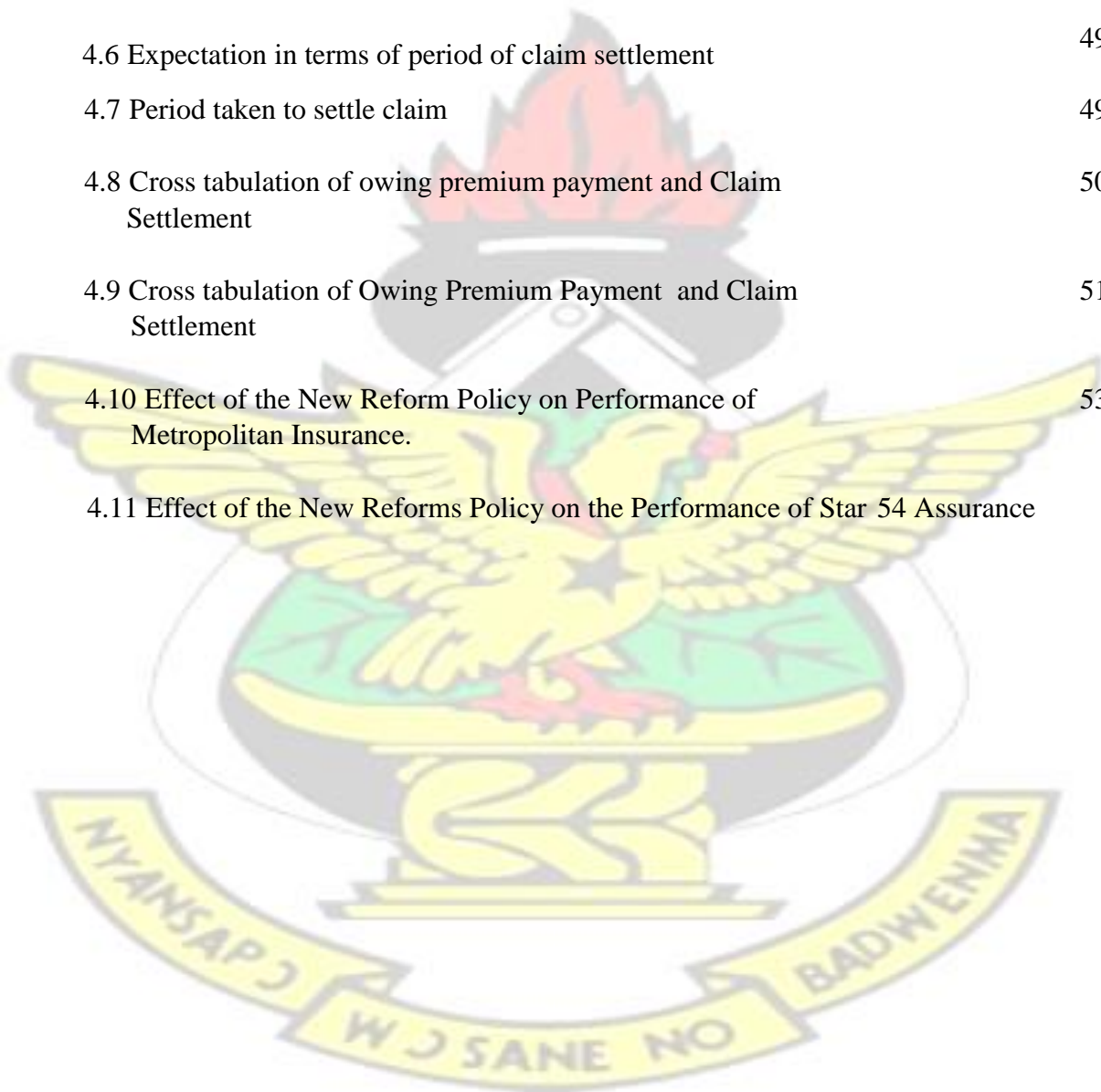
|   |    |
|---|----|
| 2.11 CHALLENGES OF IMPLEMENTING NEW INSURANCE REFORM POLICY | 20 |
| 2.12 CLAIM PAYMENT IN INSURANCE                             | 25 |
| 2.13 PREMIUM PAYMENT IN INSURANCE                           | 27 |
| 2.14 RELATIONSHIP BETWEEN CLAIM AND PREMIUM PAYMENT         | 28 |
| 2.15 PERFORMANCE OF INSURANCE                               | 29 |
| 2.16 EFFECTS OF INSURANCE REFORMS ON PERFORMANCE.           | 31 |
| CHAPTER THREE   | 33 |
| RESEARCH METHODOLOGY  | 33 |
| 3.1 INTRODUCTION  | 33 |
| 3.2 RESEARCH DESIGN   | 33 |
| 3.3 POPULATION FOR THE STUDY                                | 34 |
| 3.4 SAMPLE AND SAMPLING TECHNIQUE                           | 35 |
| 3.4.1 SAMPLE SIZE   | 35 |
| 3.5 DATA COLLECTION   | 36 |
| 3.5.1 PRIMARY DATA  | 36 |
| 3.5.2 SECONDARY DATA  | 37 |
| 3.6 DATA ANALYSIS   | 37 |
| 3.7 BRIEF DESCRIPTION OF STUDY AREA                         | 38 |
| 3.7.1 PROFILE OF METROPOLITAN INSURANCE COMPANY             | 38 |
| 3.7.2 PROFILE OF STAR ASSURANCE COMPANY                     | 38 |
| CHAPTER FOUR  | 39 |
| DATA ANALYSIS AND PRESENTATION                              | 39 |
| 4.1 INTRODUCTION  | 39 |
| 4.2 SOCIO-DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS        | 39 |
| 4.2.1 AGE-SEX DISTRIBUTION OF RESPONDENTS                   | 39 |
| 4.2.2 EDUCATIONAL STATUS OF RESPONDENTS                     | 41 |

|  |    |
|--|----|
| 4.3 LEVEL OF AWARENESS AND COMPLIANCE TO THE NEW REFORM .....  | 41 |
| 4.3.1 MEDIUM OF HEARING THE PREMIUM REFORMS.....   | 42 |
| 4.4 PROSPECTS AND IMPLEMENTATION PROBLEM ASSOCIATED WITH THIS<br>NEW POLICY REFORM.....              | 44 |
| 4.4.1 THINGS CLIENTS ARE NOT HAPPY ABOUT THE NEW REFORM .....  | 45 |
| 4.4.2 WHAT CLIENTS LIKE ABOUT THE REFORMS .....  | 46 |
| 4.4.3 BENEFITS GAINED FROM THE IMPLEMENTATION OF THE NEW<br>POLICY REFORMS .....                     | 47 |
| 4.4.4 RECOMMENDATIONS FOR THE REGULATOR TO ENSURE EFFECTIVE<br>IMPLEMENTATION .....                  | 47 |
| 4.5 OUTSTANDING PREMIUMS AND CLAIMS PAYMENT .....  | 48 |
| 4.5.1 EXPECTATION IN TERMS OF PERIOD OF CLAIM SETTLEMENT .....                                       | 49 |
| 4.5.2 PERIOD TAKEN TO SETTLE CLAIM .....   | 49 |
| 4.5.3 OWING PREMIUM PAYMENT AND CLAIM SETTLEMENT .....   | 50 |
| 4.5.4 OUTSTANDING PREMIUM PAYMENT AND HOW LONG IT TAKES TO<br>SETTLE CLAIM AFTER DOCUMENTATION ..... | 51 |
| 4.6 EFFECT OF THE NEW REFORM POLICY ON PERFORMANCE .....   | 52 |
| 4.6.1 EFFECT OF THE NEW REFORM POLICY ON PERFORMANCE OF<br>METROPOLITAN INSURANCE.....               | 53 |
| 4.6.2 EFFECT OF THE NEW REFORM POLICY ON PERFORMANCE OF STAR<br>ASSURANCE COMPANY .....              | 54 |
| CHAPTER FIVE .....   | 56 |
| SUMMARY, CONCLUSION AND RECOMMENDATION .....   | 56 |
| 5.1 INTRODUCTION .....   | 56 |
| 5.2 SUMMARY .....  | 56 |
| 5.3 CONCLUSION .....   | 57 |
| 5.4 RECOMMENDATION .....   | 58 |
| REFERENCE.....   | 59 |
| QUESTIONNAIRE TO RESPONDENTS .....   | 62 |
| QUESTIONNAIRES FOR STAFF.....  | 66 |
| <b>LIST OF TABLES</b>  |    |

| <b>Table</b>                                | <b>Page</b> |
|---|-------------|
| 3.1 Population and Sample Size of the Study | 36          |



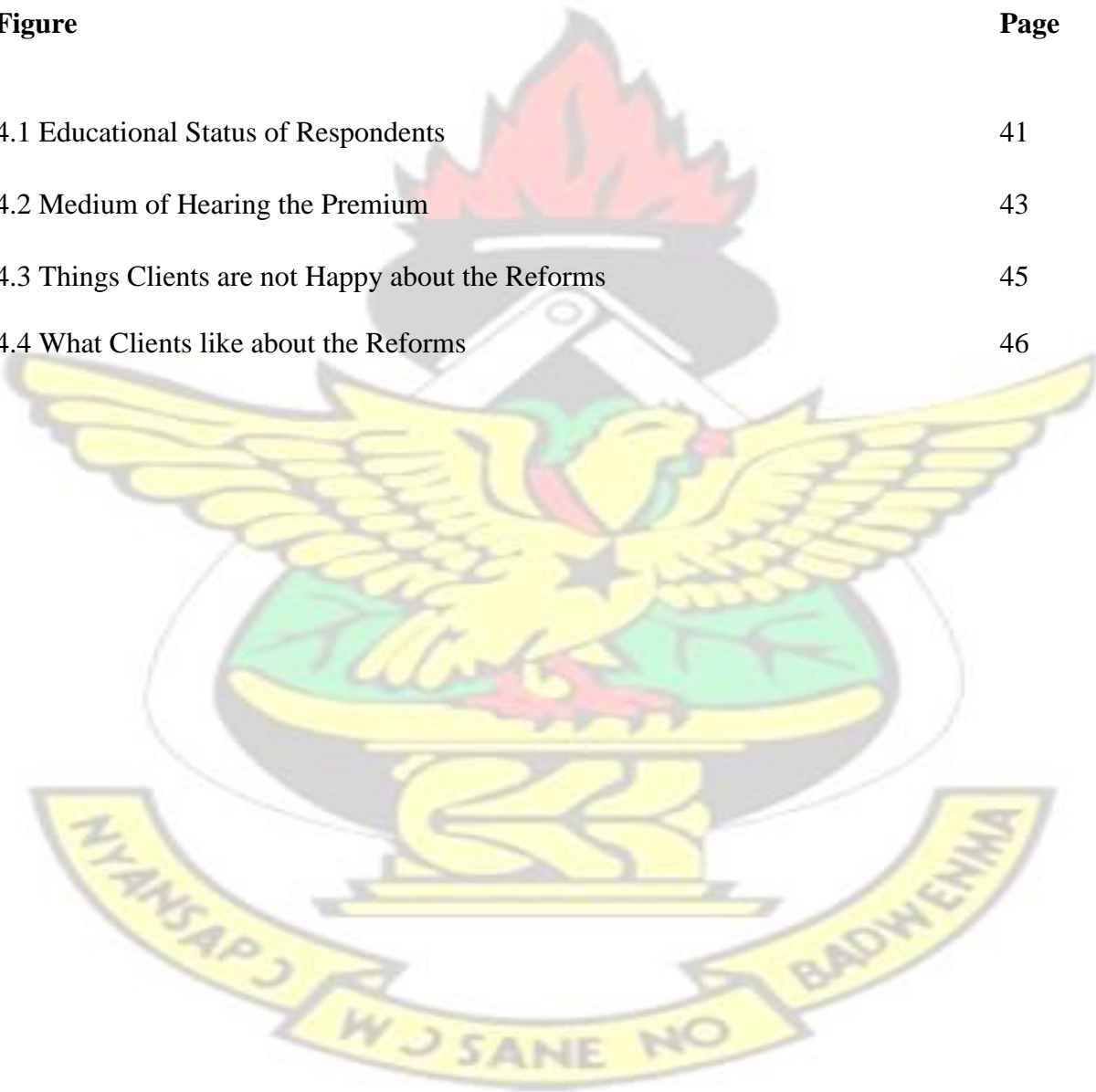
|  |    |
|--|----|
| 4.1 Age – Sexes Distribution of Respondents                                    | 40 |
| 4.2 Level of Awareness of the new reforms                                      | 42 |
| 4.3 Level of Compliance with the new reforms                                   | 44 |
| 4.4 Benefit Gained from the implementation of the New Policy Reforms           | 47 |
| 4.5 Recommendation for the Regulator to ensure effective Implementation        | 48 |
| 4.6 Expectation in terms of period of claim settlement                         | 49 |
| 4.7 Period taken to settle claim   | 49 |
| 4.8 Cross tabulation of owing premium payment and Claim Settlement             | 50 |
| 4.9 Cross tabulation of Owing Premium Payment and Claim Settlement             | 51 |
| 4.10 Effect of the New Reform Policy on Performance of Metropolitan Insurance. | 53 |
| 4.11 Effect of the New Reforms Policy on the Performance of Star 54 Assurance  |    |



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## LIST OF FIGURES

| Figure   | Page |
|--|------|
| 4.1 Educational Status of Respondents              | 41   |
| 4.2 Medium of Hearing the Premium                  | 43   |
| 4.3 Things Clients are not Happy about the Reforms | 45   |
| 4.4 What Clients like about the Reforms            | 46   |



## LIST OF ABBREVIATIONS

|         |   |                     |                |
|---------|---|---------------------|----------------|
| NIC     | NATIONAL INSURANCE COMMISSION               | GDP                 | GROSS DOMESTIC |
| PROGRAM | NPNC  | NO PREMIUM NO COVER |                |
| PCHIS   | PRIVATE COMMERCIAL HEALTH INSURANCE SCHEMES |                     |                |
| SIC     | STATE INSURANCE COMPANY                     |                     |                |
| TPF     | TEMPORARY PENSION FUND                      |                     |                |
| NAICOM  | NATIONAL INSURANCE COMMISSION (NIGERIA)     |                     |                |
| NHIS    | NATIONAL HEALTH INSURANCE SCHEME            |                     |                |
| DMHIS   | DISTRICT MUTUAL HEALTH INSURANCE SCHEMES    |                     |                |
| MET     | METROPOLITAN INSURANCE COMPANY              |                     |                |
| NPRA    | NATIONAL PENSION REGULATORY AUTHORITY       |                     |                |
| LIC     | LIFE INSURANCE CORPORATIONS                 |                     |                |

