

Positive Impact of Coronavirus Disease–19 on Purchase Intentions of Life Insurance Companies in an Emerging EconomyKwaku Sarpong Danso ^[1] and Gertrude Agyemang ^[2]^[1]Enterprise Life Assurance Company, Sales Executive, Ghana^[2]Kumasi Technical University, Department of Marketing, Ghana

Abstract. The general economic situation has resulted in a global recession across the world leading to insurance industries all over the world serving as a form of protection for people who look for rescue and relief. The widespread of the infection has impacted many governments across the world and financially weakened some businesses as well as the social wellbeing of people. The pandemic could also be seen as having a positive impact amidst the pandemic. The conspicuous impact of the global pandemic on insurance industry in Ghana is the upsurge in health, travel and even business claims. The research was carried out in the Kumasi Metropolis, Ghana's second largest metropolis. This study utilized the convenience sampling as it involved customers, both potential and actual, of life insurance companies in Kumasi who were willing and available to partake in the study. The interrogation involved thirty (30) respondents. According to the findings, some respondents viewed life insurance policies in Ghana positively, while others viewed them adversely, based on their experience and opinion. Customers evaluate their contacts with life insurance companies based on their previous experiences, which influences their decision to buy.

Keywords: Coronavirus Disease-19, Purchase Intentions, Life Assurance Insurance Companies

Introduction

Coronavirus Disease, now known as COVID-19 in scientific circles, has been declared a global pandemic. The World Health Organization (WHO) proclaimed this on March 11, 2020. In comparison to earlier pandemics that the world has seen, the pandemic has spread quickly. As a result, practically every country on the continent has been put on lockdown, with travel restrictions, bans on public gatherings, and school closures (WHO, 2020). Unfortunately, this global closure has also affected businesses negatively with regards to loss of jobs and lives. The general economic situation has resulted in a global recession. This has led to insurance industry and government all over the world to safeguard people who look for rescue and relief. The widespread of the infection highly supersedes the recovery of infected people. The novel pandemic has overwhelmed many governments across the world and financially weakened some businesses as well as the social wellbeing of people (Babuna et al., 2020).

The insurance industry in Ghana plays a predominant role in the national economy. The insurance industry provides safety and stability to individuals, groups, institutions and businesses (NIC, 2018). It is believed that a healthy and well-developed insurance industry will positively improve the stability of financial markets in Ghana. Ghana currently has a huge deficit in infrastructure that may require the establishment of insurance policies in Ghana to achieve its economic development. The insurance industry provides stability and safety to all people from different walks of life. A healthy and developed insurance industry will also provide stability to the financial markets in Ghana (Babuna et al., 2020).

While there is limited literature on the impact of pandemics on the insurance industry, for some insurers in Ghana are numbering their losses as a result of the global pandemic, COVID 19, however, the pandemic could also be seen as having a positive impact amidst the pandemic. The conspicuous impact of the global pandemic on insurance industry in Ghana is

the upsurge in health, travel and even business claims (Babuna et al., 2020). Although insurance policies do not entirely cover pandemics, the impact of the novel pandemic, COVID 19 on the global economy has had an influence in the direction of the insurance company. There have been reports of insurance companies making payment of millions of cedis through the e-payment channels even during the lockdown, this in a way affects prospective clients purchase decision either positively or negatively (Babuna et al., 2020). However, there is no study to investigate the impact of the novel pandemic, COVID 19 on the insurance industry in Ghana. Insurance industries in Ghana either cannot ascertain the impact of the pandemic on their companies or are being perplexed by the operational pressures to be able to study the impact of the pandemic. The goal of this study is to determine the good impact COVID 19 has on Ghana's insurance market, address solutions, and forecast future expectations.

Literature Review

Overview of Insurance companies in Ghana

Life insurance is a highly intangible business (Durvasula et al., 2004; Tsoukatos & Rand, 2006), and it is mostly offered through agents, who are the customer's only point of contact with the service provider. In the case of the insured person's death, life insurance is defined as a contract between an insurance policy holder and an insurer or assurer in which the insurer agrees to pay a specified beneficiary a sum of money in exchange for the payment of a premium. In addition, life insurance is commonly seen as a contract between a policyholder and an insurer, in which the insurer is expected to pay a pre-determined quantity of money to a person selected by the policyholder in the contract upon the insured person's death (Alhassan et al., 2015). This is basically made of two categories; the protection policies and the investment policies. With the introduction of the insurance Act 724 in 2006, the competition among insurance companies became keener in Ghana.

The industry witnessed some significant growth due to the proliferation of new private companies and brokers. As at December, 2019 there were 20 life insurance companies, 29 non-life companies, 3 reinsurance companies, 93 broking companies and 3 insurance loss adjusters. (NIC, 2019) making 148 regulated entities in the sector. Looking at the number of players in the industry and the insurance penetration rate as at 31st December 2019 being 1% (NIC, 2019) there is obviously a significant reason for growth in the insurance industry. The birth of life insurance companies after the enactment of the insurance Act 724 in 2006 has significantly increased insurance coverage and penetration in Ghana by being the leading contributor to the industry's total premium income. It is evident that the premium growth rate of Life insurance business has been consistently greater than that of the non-life market (Alhassan et al., 2015). The National Insurance Commission (NIC) in 2019 approved 39 new products and product developments, and about 77% (30) of the new or enhanced products were for the life insurance sector (NIC, 2019). Given the rate of product innovation and development in the life insurance as compared to that of non-life business, the future of the insurance industry lies with the life insurance businesses.

Purchase Intentions

Despite the fact that customer behavior in general has been extensively studied for many years and that customer behavior in the financial services industry is increasingly attracting academics' attention (Beckett et al., 2000; Capuano & Ramsay, 2011), the focus on the analysis of the particularities of insurance customer behavior as a specific concept is rather limited. The majority of the research on insurance decisions focuses on simply monetary decisions. Insurance purchase and claim choices are largely expected to be based

on well-defined quantitative considerations such as premium, loss likelihood, and compensation size (Hsee & Kunreuther, 2000). Customers tend to base their selections on cost-benefit analysis when planning to purchase insurance services as a monetary transaction. Purchase intention is a decision-making process that outlines why customers choose a specific brand. (Shah et al., 2012). The process of determining a customer's buying intent is complicated. Customers' behavior, perceptions, and attitudes are frequently linked to purchase intent. Purchase intent is an important factor in a customer's evaluation of a product (Mirabi et al., 2015). Service for insurance negative selection and moral risk in insurance are examples of customer behavior that is based on customers' attitudes toward risk and their willingness to endure it (Cutler & Zeckhauser, 1998; Chandler, 1999; De Meza & Webb, 2001; Finkelstein & Poterba, 2004; Chiaporri et al., 2006; Finkelstein & McGarry, 2006). This study aims to discover the reasons for the shift in consumers' buy intentions toward life insurance policies in Ghana as a result of the new pandemic, as well as the reasons why an accident or disaster would make individuals more likely to insure against a similar incident in the future.

Study Setting and Research Methodology

Study Setting

The research was carried out in the Kumasi Metropolis, Ghana's second largest metropolis. Kumasi is the Ashanti region's regional capital, with a land area of 214.3 square kilometers (Ghana Statistical Service, 2005). Kumasi's economy is dominated by the informal sector, with nearly two-thirds of the working population employed there (Ghana Statistical Service, 2012). According to the National Insurance Commission of Ghana (NIC, 2019), there are currently 20 registered life insurance companies in Ghana, and 16 of these companies have a presence in Kumasi, the city under review. The following is a list of life insurance firms with offices in Kumasi.

Table 1. List of Insurance Companies in Kumasi Metropolis

COMPANY NAME	LOCATION/ PHYSICAL ADDRESS
Alliance Life Insurance Company	2 nd Floor Latex Foam office Plot no. 25, Block F Ahodwo Roundabout Ahodwo.
Donewell Life Company	Ground floor COCOBOD building Adum P.O. Box 1998, Kumasi.
Enterprise Life Assurance Company	Mina Center Building Plot no. 168, Block D West Nhyieso Ahodwo-Kumasi.
Ghana Life Insurance Company	Baba Yara Sports Stadium, Kumasi. 0322035732
Ghana Union Assurance Life Company	Prudential Plaza Building P.O. Box 1944 Kumasi. 0322024363
Glico Life Insurance Company	Adum, Opposite Abura Printing Press P.O. Box 3517 Kumasi.
Hollard Life Assurance Company Limited	Harper Road, Adum, Opposite Tractor & Equipment

	P.O. Box 1481 Kumasi.
Milife Company co limited	City Style Building On top of Aboude Restaurant New Amakom Kumasi.
Old Mutual Life assurance co. Ghana	Agyaba Plaza Adum near Kinapharma 0322048292
Phoenix Life Assurance Company	Adum- Aseda House P.O. Box 6273 Kumasi
Prudential Life assurance Ghana	3 rd floor Dufie Towers, Guggisberg Road Adum-Kumasi.
Quality Life Assurance Company	Opposite Salvation Army Church Ashtown-Kumasi
Saham Life Insurance Ghana Limited	Around Suame Round about Same building with Stanbic bank 3 rd Floor.
SIC life company Limited	Otumfuo Opoku ware II house, SIC building Opposite Prempeh Assembly hall, Roman Hill P.O. Box PC52, Kumasi
Starlife Assurance Company	Thy Glory Plaza, Adjacent Unibank 0302971853
Vanguard Life Assurance Company	1 st Floor vanguard building opposite COCOBOD jubilee House Adum-Kumasi

Research Methodology

This study used a qualitative technique to learn about insurance businesses and purchasing intentions in Ghana, specifically in the Kumasi Metropolis. To obtain a description of events and phenomena, the qualitative methodology used exploratory methods (Sandelowski, 2010). Using this style of research, qualitative methodology aims to provide a description of events in order to improve a clear and rich understanding of the phenomena (Neergaard et al., 2009). On the other hand, a qualitative technique allows a researcher to delve into the world of the respondent in order to identify and comprehend a topic of interest. In order to describe the respondents' social experiences, this gives a new framework for one-of-a-kind, educational, and knowledge-rich encounters (Holloway, 2005).

Sample Size and Data Collection

The main purpose of the research study was to fully understand respondents' purchase intentions towards Life Insurance in a pandemic era such as the prevalent COVID- 19. The selection of Kumasi Metropolis for the study was because it is the second largest city in Ghana. This study utilized the convenience sampling as it involved customers, both potential and actual, of Insurance Companies in Kumasi who were willing and available to partake in the study. The interrogation involved thirty (30) respondents.

The data collection was accomplished by the use of in-depth interviews. The respondents were interviewed using a semi-structured approach (Tracy, 2010). In the process of avoiding interview bias, the researchers showed impartiality by giving the respondents ample time to answer within their own pace and time frame as well as having three interviewers collect the data in an objective manner. The data gathered from the respondents served as the primary source of the study's data analysis. The use of a digital device was also

put in place with the permission of each of the respondents to record all relevant information for analysis which lasted a time frame of 30 minutes.

Data Analysis

The steps recommended by Braun and Clarke (2006) for theme analysis were used to arrive at categories, constructs, and concepts as emerging from the transcribed interviews in finding, analyzing, and interpreting patterns of meaning. Field notes were added to the transcribed interviews in order to create a complete collection of data for analysis. For familiarization reasons, the merged data set was read numerous times while the required text units were specified at the same time. For the aim of checking the accuracy of the data acquired, key phrases from transcripts were transformed into codes. Shorthand connotations were applied to codes, which were then used to characterize patterns in transcripts. Additionally, numerous notions and ideas were illustrated using colored highlight pens. Cross-checking the themes with transcripts to guarantee accuracy and consistency ensured the data's credibility (Fereday & Muir-Cochrane, 2006).

Characteristics of Respondents

A semi-structured style inquiry was used to interview a total of 30 respondents. This study sought to explore the purchase intention of Life Insurance in a pandemic era, therefore the respondents were potential and actual customers of Life Insurance within the Kumasi Metropolis. In the interview, 14 of the 30 respondents were male, accounting for 47 percent of the total, and 16 of the 30 respondents were female, accounting for 53 percent. 19 out of 30 respondents were married, accounting for 63 percent of the total, while 11 out of 30 respondents were single, accounting for 37 percent. In addition, potential and present clients were asked if they had previously purchased a life insurance policy. Twenty of the thirty respondents indicated that they had purchased a life insurance policy, accounting for 67 percent of the total, whereas ten of the thirty respondents had never purchased life insurance previously, accounting for 33 percent.

Table 1 summarizes the significant respondents. In the following presentations of the findings, the main themes discovered from the data are discussed.

Table 1. Summary of Respondents

Variables: Total (n = 30)	
Gender:	
Male	14
Female	16
Marital Status:	
Married	19
Single	11
Life Insurance:	
Actual Customers	20
Potential Customers	10

Results

COVID-19 was cited by 53% of respondents as having influenced their decision to purchase life insurance plans in general. Questions were asked to assess the impact of COVID-19 on the purchase intentions. These questions were asked to mainly to identify between respondents who opted for Life Insurance during a pandemic era and its impact on their purchase decision. Further questions were asked as a follow-up. This led to a detailed description of their purchase intentions towards Life Insurance.

Level of understanding of Life Insurance

The level of acceptance and understanding of Life Insurance companies in Ghana is low and has accounted for respondents' low patronage of insurance policies. The skepticism of Life Insurance companies in general results in customers' reluctance in understanding in detail the operations of insurance policies. For example, respondents described their suspicion when buying an insurance coverage as follows:

"For here in Ghana, purchasing an insurance policy is really all about taking risks. I generally do not have a detailed understanding of what they do as a business in Ghana, so I have no intention of purchasing a life insurance policy"

"Erm, my level of understanding towards Life Insurance is appreciable enough. It's just that for unscrupulous behavior of some sales rep just put me off"

"Oh? Life Insurance is all about securing the wellbeing of your loved ones against unforeseen occurrences ooo but for me, I live by Grace! Hahaha!"

"I really wish that all Ghanaians do get a Life Insurance policy. I have really benefitted from one and I would be so happy in recommending others in getting a policy in safeguarding the lives of families. It really helps!"

Overall, it can be asserted that customers are quite skeptical with their purchase intention towards Life Insurance. For some, buying a policy is deemed as a life-long investment hence the skepticism and the probability of incurring losses deters most prospective customers in engaging in Life Insurance policies, for others, Life Insurance has been a great deal of help to them in their unforeseen challenges.

Level of motivation towards Life Insurance

In assessing the purchase intention of customers towards life insurance, there is a need to assess the level of what drives them in deciding to purchase a policy or not. When asked what motivated the respondents in purchasing a Life Insurance, this is what ensued:

"To save something in case of anything"

"My motivation is as a result of my desire to seek and have a better future for my children when I am no more"

"The future security of my family's wellbeing is my primary motivation"

"Life is full of uncertainties – should anything happen to you, the Life insurance is in place to protect and provide financial relief for the beneficiaries"

"I decided to have a financial backup that will take care if not all, most of my expenses, in terms of any unexpected event and all I could think of was Life Insurance"

"The future is what every human being must plan for, I will get motivated to purchase a life insurance policy because of fear of the future"

"I don't have any intention to engage in life insurance, Ghana is quite hard and I don't even have enough money to purchase any policy"

From the above assertion, most respondents attested that the primary motivation for purchasing Life Insurance is to safeguard oneself from all unforeseen circumstances

Level of risk in a pandemic era

The deadly virus has served as a huge risk factor to most Ghanaians, hence the purchase intention towards insurance policies is rising at a significant rate. Respondents shared their view as stipulated below:

“Yes, it’s a lesson that life should not be taken for granted. Therefore, we must be awakened and be vigilant”

“Yes, the pandemic has posed a sudden and unexpected financial strain to the world and it has affected most families. With a Life Insurance security plan, you are assured of indemnity.”

“No, I wasn’t in any way affected in my workplace or finances, so I think I’m better off for now”

It can be determined from the interrogation that COVID-19 has been an awakening call to most respondents in financially protecting themselves against any risks that may suddenly occur.

The impact of COVID-19 on the need for family financial security

For the past months, many families are recovering from the losses incurred. For some, COVID-19 has had a toil on their families. When interrogated concerning this theme, the following were ensued:

“The pandemic has caused a lot of financial constraints, people have lost jobs and the financial burdens from families is not something good to write about”

“Hmmm, COVID- 19 has had a cruel effect on the finances of families, as to how we are surviving I really have no clue”

“Seriously, COVID-19 has come to show us but we are coping little by little!”

From the development of the COVID-19, many families are in dire need of financial stability. For some money constraints due loss of jobs have had a negative impact of the day to day activities.

The impact of other factors

Aside from the pandemic, respondents were asked if there are other factors that may have contributed to their purchase intentions towards Life Insurance, this is what was stipulated below:

“No, aside from this deadly virus, I really don’t think I would ever think of purchasing a Life Insurance”

“Oh No! It was COVID-19 that brought my attention to this whole Life Insurance policy”

“Well, for me, I would say, family, security first!”

“You know, Insurance in Ghana is not something we think about on a daily basis, if not for the pandemic, it would never have crossed my mind”

As shown above potential customers think of Life Insurance policies as unsought goods, thus they do not think of purchasing such product until the need arises.

Discussion and Conclusion

Marketing scholars have not fully investigated the context of Life Insurance policies in a pandemic period in emerging economies. As a result, this study looked into clients' purchase intentions for Life Insurance in Ghana's Kumasi Metropolis. Unlike in established countries, where insurance plans are widely used, this is not the case in rising economies like Ghana, due to financial difficulties and unethical behavior. Various topics emerged from the

respondents' interviews in order to learn more about customers' purchase intentions in a pandemic period.

According to the findings, some respondents viewed Life Insurance policies in Ghana positively, while others viewed them adversely, based on their experience and opinion. Customers evaluate their contacts with life insurance companies based on their previous experiences, which influences their decision to buy. With the development of the COVID-19 pandemic, however, Ghanaians' purchase intention for life insurance has increased, since it is considered as a shield against any unforeseen burdens arising from the pandemic's limits.

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