

**SCHOOL OF PUBLIC HEALTH
COLLEGE OF HEALTH SCIENCES
UNIVERSITY OF GHANA**



**WILLINGNESS AND ABILITY TO PAY FOR FUNERAL INSURANCE AMONG
FORMAL WORKERS IN GHANA.**

BY

MICHAEL GILLES GLAGO

(10939920)

**THIS DESSERTATION IS SUBMITTED TO THE SCHOOL OF PUBLIC HEALTH,
COLLEGE OF HEALTH SCIENCES, UNIVERSITY OF GHANA, LEGON, IN
PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE
MASTER OF HEALTH ECONOMICS DEGREE.**



APRIL, 2023

DECLARATION

By signing this document, I certify that this dissertation is entirely my own creation and has never been presented in conjunction with the application for another degree. I further attest that I wrote my submission with the assistance of Dr. Patrick Asuming of the University of Ghana Business School and that any assistance I may have gotten in doing so has been properly acknowledged by reference.

MICHAEL GILLES GLAGO

(STUDENT)

SIGNATURE: _____



DATE:

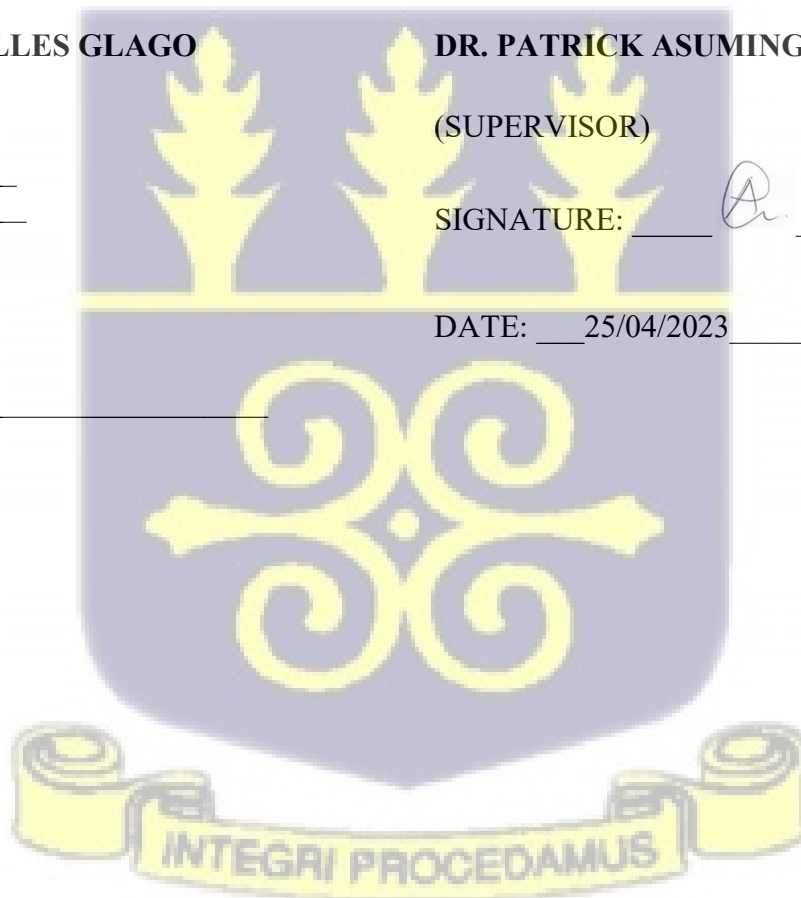
25/04/2023

DR. PATRICK ASUMING

(SUPERVISOR)

SIGNATURE: _____  _____

DATE: ____25/04/2023____



DEDICATION

I dedicate this work to my lovely Mother Mrs. Philomena Amuzu, my sister Joyce Kufordji and my lovely children; Godfred, Godwin, Pricilla, and Virgil Gilles Glago.



ACKNOWLEDGEMENTS

My first acknowledgement goes to God, the creator of the universe, for giving me life and protection to enable me to complete the research. I am grateful to my supervisor, Patrick O. Asuming, for painstakingly reading through the script and critiquing the work that has been done. I would like to give special thanks to Mr. Elvis Dough at NHIA headquarters, Mrs. Joana Elsilffie at the University of Ghana Registry, Mrs. Vida Azumah, the headmistress of Hemang JHS, Mr. Mubarek Ishaque, headmaster of Tijjaniya senior high school, and Mrs. Ophelia Agyei Donkor of D&D Academy, who have helped me with counsel, criticism, and encouragement as I went through the studies. I am most grateful to Mrs. Eunice Odoom as well as those who answered the questionnaires submitted to them.

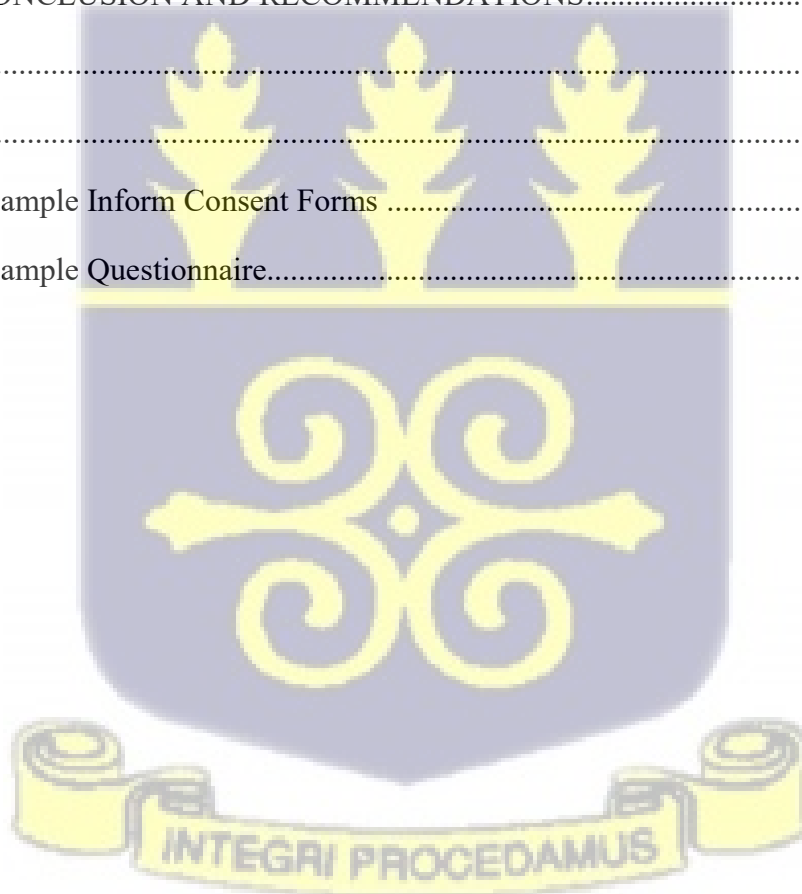


TABLE OF CONTENTS

DECLARATION	i
DEDICATION	ii
ACKNOWLEDGEMENTS	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF ABBREVIATIONS	ix
Definition of operational terms	x
ABSTRACT	xi
CHAPTER ONE	13
INTRODUCTION	13
1.1 Background	13
1.2 Problem statement	17
1.3 General objectives	18
1.3.1 Specific objectives	18
1.3.2 Research questions	18
1.4 Significant of the study	19
1.5 Scope of the study	19
1.6 Organisation of the study	19
CHAPTER TWO	21
LITERATURE REVIEW	21
2.1 Introduction	21
2.2 Overview of Insurance Revolution	21
2.3.1 Types of Life Insurance Product in The Market	22

2.4.0 Theoretical literature review	23
2.4.1 Why funeral insurance	28
2.4.2 The Theory of Utility	31
2.4.3 Prospect Theory.....	32
2.4.4 Human Life Value Theory	34
2.4.5 Neo-classical Economic Theory.....	36
2.5 Willingness and ability to pay.....	40
CHAPTER THREE	57
METHODS	57
3.0 Introduction	57
3.1 Research Approach	57
3.2 Research Design.....	58
3.3 Study population	58
3.4 Study variables	58
3.4.1 Dependent variables	59
3.4.2 Independent variables.....	59
3.5 Eligibility criteria	59
3.5.1 Inclusion criteria.....	59
3.5.2 Exclusion criteria.....	Error! Bookmark not defined.
3.6 Sample and Sampling Technique.....	59
3.7 Data collection instrument	61
3.9 Data processing	64
3.10 Quality control.....	64
3.10.1 Training of research assistants	65
3.11 Data Analysis	65

3.11.1 Determination of background characteristics of respondents.....	65
3.12 Ethical consideration	66
3.12 Limitation of study	68
CHAPTER FOUR.....	69
RESULTS	69
4.0 Introduction	69
3.1 Background characteristics of Households	69
4.2 Descriptive analysis.....	71
CHAPTER FIVE	83
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	83
REFERENCES	87
APPENDICES	97
Appendix 1: Sample Inform Consent Forms	97
Appendix 2: Sample Questionnaire.....	99



LIST OF TABLES

Table 1: Demographics of Households (n=373).....	70
Table 2: Health and health related items.....	72
Table 3: Willingness to join funeral insurance.	75
Table 4: Amount willing and able to pay for premium.	79
Table 5: Logistic regression between dependent and independent variables	81



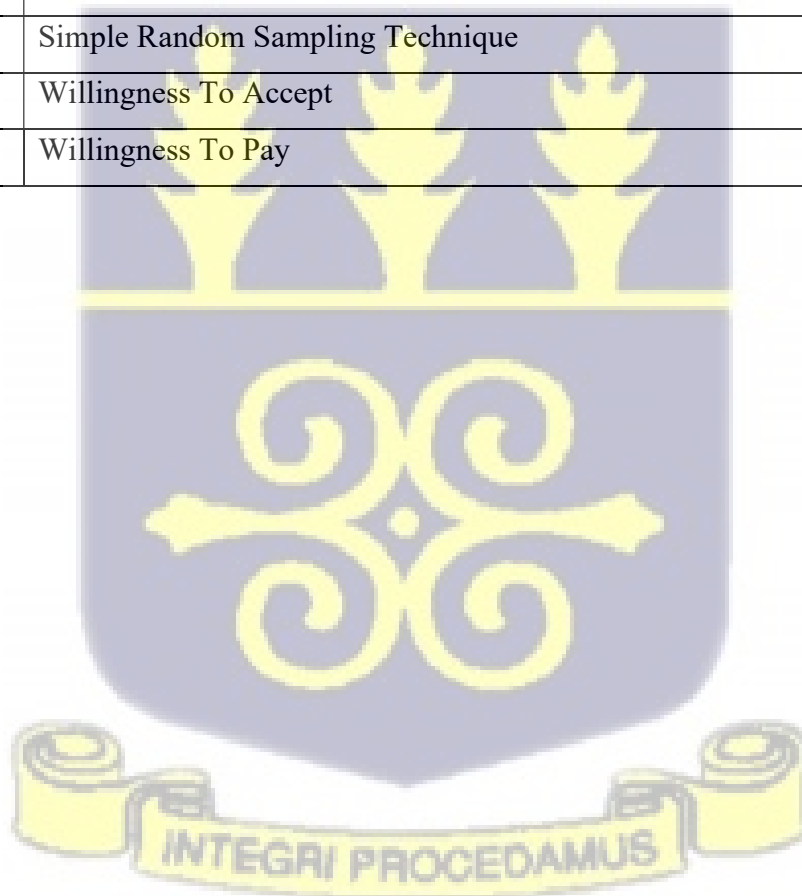
LIST OF FIGURES

Figure 1: Conceptual framework	56
Figure 2: Overall health status of Respondents	75
Figure 3: Reasons to join funeral insurance.....	76
Figure 4: Reasons for not wanting to join funeral insurance.....	77
Figure 5: Willingness to pay for funeral insurance.....	78



LIST OF ABBREVIATIONS

AIDS	Acquired Immunodeficiency Syndrome
ANOVA	Analysis of variance
ATP	Ability To Pay
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Syndrome
IAIS	International Association of Insurance Supervisors
NHIA	National Health Insurance Authority
NHIS	National Health Insurance Scheme
SED	Socio-economic Demographics
SRT	Simple Random Sampling Technique
WTA	Willingness To Accept
WTA	Willingness To Pay



Definition of operational terms

Funeral Insurance:	Is a type of whole life insurance policy designed to cover your funeral, burial and other end-of-life expenses.
Willingness To Pay:	Is the maximum price at or below which a consumer will definitely buy one unit of a product.
Ability To Pay:	Refers to whether individual have the effective income to be able to purchase a good.
Formal Worker:	Refers to any employee who has a contractual arrangement between an incorporated company and an individual employee.
Contingent Valuation:	Is a method of estimating the value that a person places on a good.



ABSTRACT

This study examined the willingness and ability to pay for funeral insurance among formal workers in Ghana. The objective of the study was to evaluate Ghanaian willingness to pay for funeral insurance in Ghana, to determine ability to pay for funeral insurance in Ghana, to examine perception of Ghanaians on funeral insurance. The study employed a simple random sampling technique in selection of the sample of respondents. The study was cross sectional conducted on 378 respondents in five municipalities in Ashanti Region of Ghana. This study used a structured questionnaire in the collection of primary data from the targeted respondents, frequency analysis, percentages, standard deviation, tables, and chart in the analysis of the set objectives. The probit regression model was used to estimate the determinant of willingness to pay, and contingent valuation was used to elicit the willingness and ability to pay for the household head, and other members of the household using the bidding game technique.

Descriptive analysis shows that Females were the majority with 51.74%, whereas the remaining were males with 41.29%. Married respondents recorded the highest with 45.31%, whilst persons that were divorced recorded the lowest with 5.09%. For religion most of these respondents were Christians recording 61.93% and most of them were educated up to the tertiary level with 65.15%.

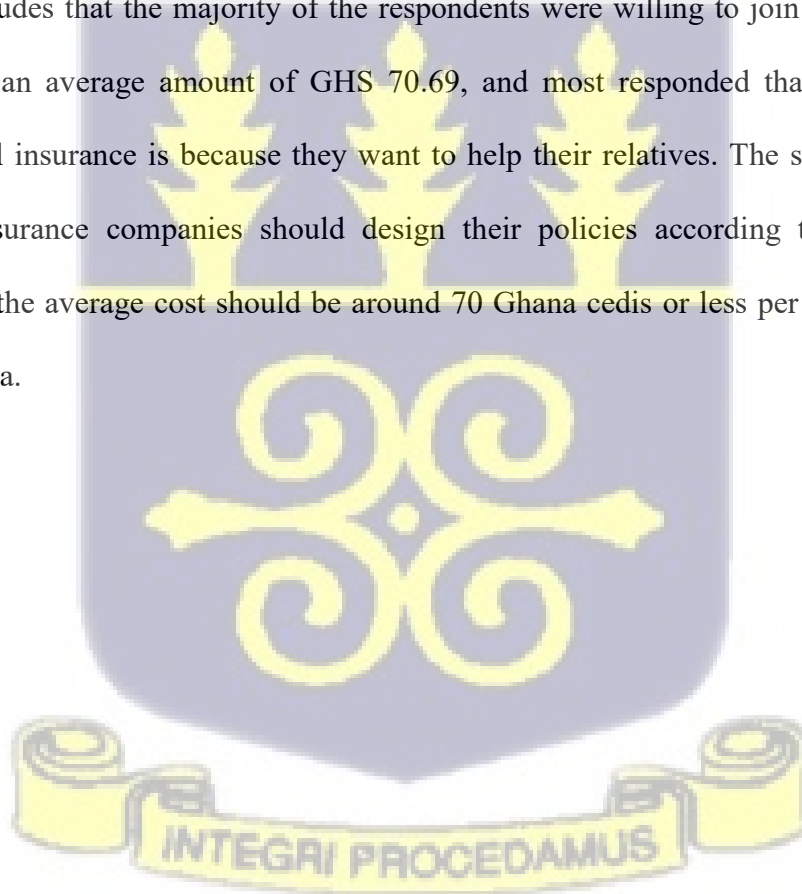
Lack of trust in the insurance companies recorded the highest of 31.53% as the reason respondents were not willing to join the funeral insurance scheme.

Analysis of data of the study showed that Muslims recorded reduced odds of joining a funeral insurance as compared to Christians and this was significant, but the rest of the religious groups were not statistically significant.

For the number of persons in a household there was increase in odds of joining a funeral insurance for households with 5-9 members compared with households with 1-4 members. But households with members 10 and above recorded an increase in odds of joining a funeral insurance.

The study revealed that the first most significant constraint face by the respondent's willingness and ability to pay for the funeral insurance was lack of trust in the insurance companies, and the least ranked constraint was identified as contributing money in advance for a funeral is seen as taboo in some households and for that reason the respondents do not need funeral insurance.

The study concludes that the majority of the respondents were willing to join funeral insurance and would pay an average amount of GHS 70.69, and most responded that their reason for joining a funeral insurance is because they want to help their relatives. The study recommends that Funeral insurance companies should design their policies according to the income of individuals and the average cost should be around 70 Ghana cedis or less per month for formal workers in Ghana.



CHAPTER ONE

INTRODUCTION

1.1 Background

In every society there are customs and rites associated with the proper burial of the dead, honoring the dead, and consoling the bereaved. Compared to the West, funeral customs are much more significant in Africa. And to prevent the impression of a “pauper funeral” these families and the working class are under pressure to spend relatively huge sums of money. Therefore, one of the costliest expenses that the working class will face is funeral or burial.

According to the World Bank’s living standards and measurement survey, in response to an unexpected and devastating event, 50% of poor households cut back on food and clothing purchases, 10% sent another household member to work and 25% increase debts payments to cover cost. (Goldberg and Ramanathan, 2008). The ceremony surrounding funerals and burials frequently vary depending on the perceived status of the departed, meaning that the rites of the wealthy frequently have an influence on what are thought to be the cultural standards of the time. To assist working – class and poor families in coping with illness or obtain a good or respected funeral for a breadwinner, group like burial Societies, trade guild and unions, lodges and friendly Societies have been developed for generation(Miller 2022). The poor frequently have a complex informal risk management system in many developing nations including Ghana, depending on methods like community – based networks or participation in a burial society.(McCord 2007.) Despite existing in numerous nations, burial societies are particularly common in Africa. Funeral rites are much more significant in Africa than in the West, according to McNeil (1998). The only investment available to the poorest domestic worker, who has neither a savings account nor a

pension, is her burial society. This sort of neighborhood club promises her family members a respectful burial, complete with a coffin, flowers, and a hearty meal for the mourners, in exchange for lifelong monthly payments. A burial society's purpose, according to Thompson and Posel (2002), is to pay for a funeral on the death of a member or dependent of a member; that is, it provides a means of reducing the danger of inadequate financial support for funerals for which the member or his family might be held liable. The danger that the member's family would not be able to carry out certain obligations required of them in connection with such funerals was also mentioned as a secondary risk for which a burial organization may make provisions. Through mutual aid or commercial insurance, burial societies may reduce these dangers

However, these schemes offer, at best, modest protection and frequently fail if a second crisis develops after the first.

Due to the Scarcity of resources, when something unexpected happens to a person, their finances can be severely disrupted. There is not only the potential loss of income but also the possibility that there won't be any treatment at all if there is no money upfront. If a breadwinner passes away not only must funeral cost, be paid but continue cash for basics needs and education of the family is required. These may be a big blow to the family's economy. Despite the existence of informal arrangements like loans, savings, and remittances, it is evident that formal insurance instruments can give better risk management options, if disadvantage household can use these services. A person's greatest willingness to pay for a good or service is the amount they would be prepared to spend rather than to go it or give it up in exchange for a better quality. There are several insurance packages which affect economic and development in Ghana and across the world. One of the most common is funeral insurance. Funeral insurance is a type of coverage where the insurer promises to pay for the insured funeral cost. One of the financial risk

management strategies that can effectively help to manage risks in the event of such negative conditions is insurance. Funeral insurance, also known as burial insurance or final expense insurance, is a type of insurance policy specifically designed to cover the costs associated with a person's funeral and burial after their passing (National Association of Insurance Commissioners, n.d.; Insurance Information Institute, n.d.). It is meant to alleviate the financial burden on the deceased's family and loved ones during an already emotionally challenging time.

The coverage provided by funeral insurance typically includes expenses such as funeral services, casket costs, embalming, burial plot or cremation fees, memorial services, and other related costs (Investopedia, 2021). Some policies may also offer coverage for medical bills or outstanding debts left behind by the deceased.

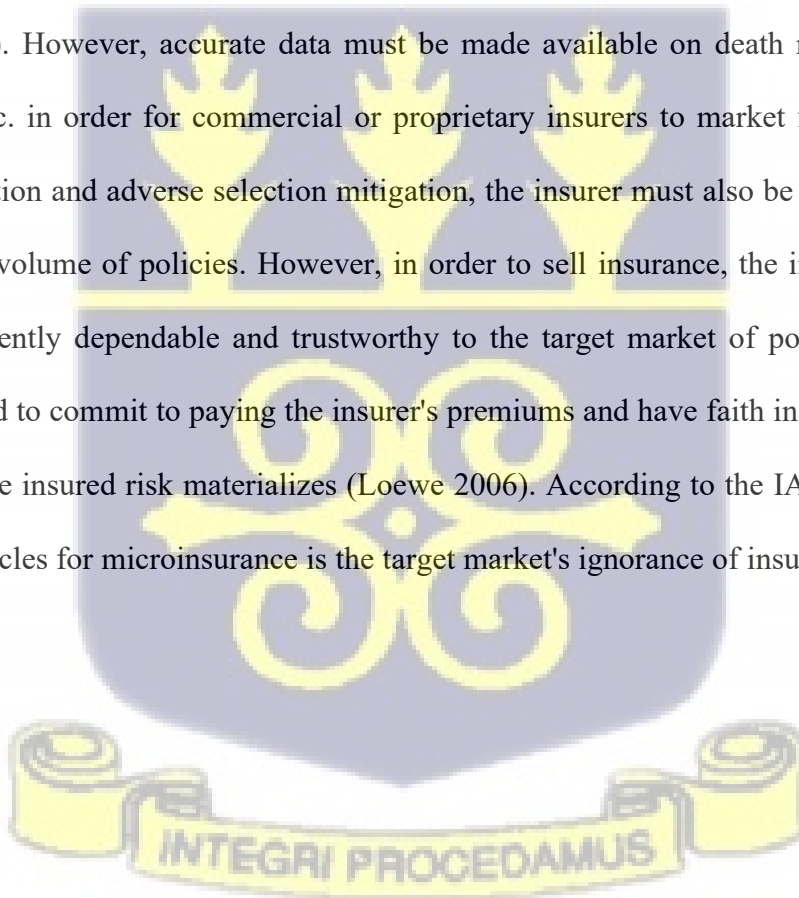
Funeral insurance policies are usually smaller in value compared to traditional life insurance policies. They are designed to be more affordable and accessible, making them an attractive option for individuals who want to ensure that their final expenses are taken care of without burdening their family (Consumer Financial Protection Bureau).

According to a study conducted in 2010 by Ackah and Owusu (2012) in Ghana, access to insurance is low at 4.1%, which excludes public health insurance. Furthermore, they emphasized that Ghana's low insurance usage is a result of several socioeconomic and demographic factors, the most glaring of which is that the bulk of economically active people are employed in the informal sector.

Ghana's potential for the life insurance sector's growth is because they have few means and alternatives to reduce, deal with, and manage the financial effects of hazards they encounter every day. Poor households are particularly susceptible to experiencing catastrophic financial catastrophe. Analysis of the protection gap, which is the discrepancy between the levels of

protection required and the level of protection currently in place to maintain the living standards of dependents in the case of the primary breadwinner's demise, shows that under-insurance is a significant global problem (Swiss Re Sigma 2013 Report). In the world of insurance, non-life insurance is in great demand. African insurance premiums are anticipated to equal 72 billion US dollars, with life insurance premiums making up about 70% of that sum, according to the Swiss Re Sigma 2013 report.

Even though there are unofficial arrangements like loans, savings, and remittances, it is evident that formal insurance instruments can provide better risk management options, assuming poor households can access these services. Without insurance, low-income households forego higher-return livelihood strategies in favor of lower-risk ones. That decrease risk (Maleika and Kuriakose 2008). However, accurate data must be made available on death rates, family size, funeral costs, etc. in order for commercial or proprietary insurers to market funeral insurance. For risk distribution and adverse selection mitigation, the insurer must also be able to create and sell a sufficient volume of policies. However, in order to sell insurance, the insurer must come across as sufficiently dependable and trustworthy to the target market of potential customers, who are expected to commit to paying the insurer's premiums and have faith in the insurer to pay benefits when the insured risk materializes (Loewe 2006). According to the IAIS (2007), one of the biggest obstacles for microinsurance is the target market's ignorance of insurance



1.2 Problem statement

Micro insurance is akin to the industrial or "debt" life insurance that was available in the United Kingdom and the United States in the late 1800s and early 1900s because of the relatively modest premium and benefit levels associated with each insurance policy. Credit life insurance and funeral (burial) insurance are the two types of micro insurance that are most frequently purchased in poor nations, according to Roth et al. (2007). Because it is frequently a required component of the loan, credit life insurance, also known as loan protection insurance, is the most popular micro insurance product marketed by microfinance organizations. A credit life insurance policy accomplishes the following two goals: When a borrower passes away, it protects the lender from potential losses, and it ensures that "the debt dies with the debtor" by relieving the borrower's family of the responsibility of repaying the outstanding loan (Emerson et al. 2006,). The cost of making funeral arrangements, which is frequently a sizable price in addition to the loss of income brought on by the death, is paid for by funeral (burial) insurance, which is offered frequently as a stand-alone insurance policy. The provision of food for a year or the replacement of lost income could be additional benefits for survivors.

Roth et al (2007) presents summary of the issue faced by the poor and their potential insurers reads as follows: "Because their resources are so limited, impoverished people might endure tremendous financial upheaval when unexpected befall them." Funeral expenses must be covered in addition to ongoing expenses for the family's basic requirements and education if the family's primary earner passes away. Even though a poor person may just have a few animals, crops, and a modest home, the loss of even one of these could have a significant negative impact on the family's financial situation.

This study explores the willingness and ability to pay for funeral insurance among formal workers in Ghana and assess the factors that influence the willingness and ability to pay for funeral insurance.

1.3 General objectives

The general objective of the study is to determine the willingness and Ability to pay for funeral insurance in Ghana.

1.3.1 Specific objectives

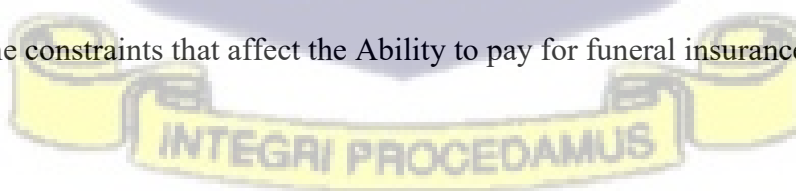
The specific objectives are to:

1. To evaluate Ghanaian's willingness to pay for funeral insurance.
2. To determine the ability to pay for funeral insurance in Ghana.
3. To examine the perception of Ghanaians on funeral insurance.

1.3.2 Research questions

The following research questions will be put forth to achieve the study's main objectives.

1. How much are employees in the formal sector willing and able to pay for funeral insurance in Ghana?
2. What factors influence the willingness to join a funeral insurance service in Ghana?
3. What are the constraints that affect the Ability to pay for funeral insurance in Ghana?



1.4 Significant of the study

The study expands on earlier investigations on funeral insurance. It aims to advance knowledge and the body of literature on funeral insurance in Ghana and acts as a springboard for additional study in the field. Understanding the elements that affects people's willingness and ability to pay for funeral insurance can assist insurance organizations and policy makers develop the rules and tactics require for the insurance sector to expand healthily. The research will also assist policy makers in understanding the needs and addressing issues preventing funeral insurance in Ghana. Insurance plays a very important role in the economic development of the nation in terms of mobilization, long term investment and GDP contribution. Study results will also outline the steps for future researchers who wish to conduct additional research into the insurance sector in Ghana.

1.5 Scope of the study

The purpose of the study is to assess Ghanaian formal workers financial capacity and desire to purchase funeral insurance. The study is conducted in five specifically chosen municipalities in Ashanti region of Ghana. The results are therefore not generalized, but they will be place in the context of Ghana's formal workers willingness and ability to pay for funeral insurance services.

1.6 Organisation of the study

The research is a five-chapter work which arranged as follows:

Chapter one examines the introduction with significant problems like the study's history, problem statement, goal, significant, scope and limitations. Chapter two examines the literature review on the subject, which includes both theoretical and empirical evidence on the topic. The focus on chapter three is the methodology used to carry out the study. The nature and sources of data, definition and model parameters, and the justification of the variables were all taking into consideration. Data presentation, analysis, and discussion are the main topics of chapter four. The summary, conclusion, and policy implication of the study are presented in chapter five, which is the final chapter.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review, specifically the literature review focuses on the variables of the study, and the discussion includes funeral insurance influencing factors, theories, market reviews, willingness, and ability to pay and determinant factors. The review of literature focuses on the investigated factors influencing choice of life insurance cover policy on the lives of people.

2.2 Overview of Insurance Revolution

It is said that the origin of insurance is lost in antiquity. However, according to recorded evidence, the earliest form of insurance was marine insurance, followed by fire and life insurance, and later miscellaneous insurance in their various forms. Marine insurance is the oldest form of insurance, with its bottom and respondent contracts being traced back to over 3000 years ago. Fire insurance developed after marine insurance in Germany around the beginning of the sixteenth century with the establishment of a fire insurance office in England in 1681. At around the same time, Life Insurance was underwritten with the first policy on the life of William Gybbons on 18th of June 1653, but even before then, annuities had become quite common in England (Kothari & Bahl, 1993). The same scholars indicate that Life insurance did not prosper in the United States of America during the 18th century, because of serious fluctuations in the death rate, but soon after 1800, some active interest began to be shown in this enterprise because of the application of level premium, a concept from the United Kingdom.

Miscellaneous insurance took the present shape in the later part of the 19th century with the industrial revolution in England. Accident, fidelity, liability, and theft insurances were the important forms of insurance at that time with the Lloyd's Association being the main functioning insurance institution. Black and Skipper (2008) also indicated that more, insurances such as livestock, crop, profit, bloodstock, aquaculture, and the like have been developed within the scope of general insurance and more policies are being developed with the advancement of the society. Life assurance is a valued property and a long-term contract which remains alive through the periodic payment of premiums (as stipulated in the contract). However, due to non-payment of premiums on mandated due dates, the contracts cease to be in force; that is, the policy lapses, and consequently the policyholder's insurance protection is withdrawn (Pandmavathi, 2013).

2.3.1 Types of Life Insurance Product in the Market

Life insurers sell protection for events related to a person's life. Death protection products, for example, pay a fixed amount on the death of the policyholder. Living benefit products provide an income stream for retirement to the policyholder, hence covering the "risk" of living too long and the expenses related to this event. Life insurers also sell savings-type products, which are considered insurance contracts because they contain a trigger connected to a person's life or because of their duration. Firkins et al (2009) further describes these products; thus, Term assurance is a traditional policy through which the insurer will pay out a fixed amount (level term insurance) or an amount decreasing over time (decreasing term insurance) upon death of the policyholder to the beneficiaries indicated in the contract, usually family members. The contract has always a definite timeframe. The contract protects the beneficiary from the risk of death of

the policyholder and the consequent loss of income. Decreasing term insurance is often associated with mortgages, so that the beneficiary can complete the payment of the mortgage. Whole life insurance is a traditional policy through which the insurer will pay out a fixed amount upon the death of the policyholder, at any point in his/her life, to the beneficiaries indicated in the contract, usually family members. The duration of this contract corresponds to the life of the policyholder. Therefore, the contract protects the beneficiary from the risk of death of the policyholder and the consequential loss of income. Endowment policy refers to a policy where the insurer pays out a lump sum at maturity. The policy can be in traditional, with-profit or linked form. It usually has long durations. As it is a savings-type contract, it is often combined with a term insurance contract, to protect for the risk of death before maturity. It can also be combined with a decreasing term insurance contract; in which case it would be called mortgage endowment. Unit-linked life products refer to policies in which the insurer does not guarantee a set return and the policyholder fully participates in the profits or losses made, bearing all investments risks arising from investing in an underlying unit of an investment fund. This is a savings-type contract, and the payout can be either in the form of annuities or a lump sum at maturity (Firkins, et al, 2009).

2.4.0 Theoretical literature review

Academic research on microinsurance has not been studied all that much. Churchill presents the most thorough and in-depth analysis of microinsurance (2007). The situation of microinsurance in numerous less developed nations is well-described in Patel (2002), Cohen and Sebstad (2005), Mosley (2009), and Roth et al. (2007). On specific facets of microinsurance, several authors have published. For instance, Loewe (2006) argued that governments and other relevant actors in

international development policy should support nongovernmental organizations and self-help groups in providing microinsurance; Patel (2002) and Churchill et al. (2003) focused on developing and delivering microinsurance through microfinance institutions; Churchill (2007) focused on the role of commercial insurers; and Churchill (2007) argued that microinsurance should be made available to all people. & Maleika and Kuriakose (2008) propose using social funds to provide microinsurance services to low-income customers in the market more successfully.

When it comes to funeral insurance, most of the research is focused on Africa, specifically on burial customs and how HIV/AIDS affects funeral costs. Burial organizations are common in underdeveloped nations and provide substantially the same services everywhere they are found (e.g., Roth 2000; Ngwenya 2002, 2003; Thomson and Posel 2002; DGRV South Africa, 2003; Dercon et al. 2006, 2007; LeMay-Boucher 2009). According to Thomson and Posel (2002), a burial society is a form of mutual aid that covers the cost of a funeral in the event that one of its members or a member's dependents passes away. Burial organizations thus provide a means of reducing the danger of insufficient financial provision. Thus, burial organizations provide a means of reducing the possibility of the member or his or her family being held liable for funerals for which there is insufficient financial provision. Members pool their risks and share them among themselves. They have regular meetings and exercise their own judgment when it comes to the creation and financing of perks. Even though burial organizations don't offer insurance services in and of themselves, they are permitted to get group funeral insurance plans from private insurers on behalf of their members. From an actuarial standpoint, burial groups are examined by Thomson and Posel (2002). Numerous authors have investigated the link between

HIV/AIDS and the price of funerals, including Snyder et al. (2006), Collins and Leibbrandt (2007), Case and Menendez (2009), and references therein.

Adverse selection is a key problem in funeral insurance and other kinds of microinsurance that these publications don't completely address. The potential issue of adverse selection in life insurance has been researched for more than a century by actuaries, and the actuarial solutions have always been to treat adverse selection as a real-world issue that can be resolved through life underwriting with the goal of determining the extent of any risk of elevated mortality. To lower risk or completely eliminate adverse selection in insurance, there has been a drive in recent years to incorporate genetic tests into medical underwriting (e.g., Harper 1997; Siegelman 2004; Viswanathan et al. 2007).

The existence of "adverse selection" for specific life insurance products has been questioned by some scholars (e.g., Chiappori and Salanie 2000). Others have questioned whether life insurance applicants, after underwriting is complete, genuinely know more about their mortality risk than the insurer (e.g., Villeneuve 2000). In their 2010 article, Cohen and Siegelman present a thorough analysis of the research on adverse selection in several life insurance markets.

An offer self-selecting policy, according to Rothschild and Stiglitz (1976), is an intriguing counter measure against adverse selection.

Low-income individuals in developing nations sometimes reside in dangerous locations and suffer a variety of dangers, such as crop failure, drought, property loss, a breadwinner's illness or death, and loss of possessions. Low-income households have a greater chance of falling into poverty or being unable to escape it depending on whatever risk they face. Although many of these hazards are shared by all households, low-income ones can be particularly severe. For

instance, McCord (2007) notes that the impact of a breadwinner's death on a family subsisting on a few dollars a day is swift and severe. The family must then deal with this after being hit by the loss's emotional shock.

The family is subsequently forced to deal with a string of financial shocks that begin even before the reality of the loss starts to set in, on top of the emotional shock from the death. When the family is left without the breadwinner's salary and without the money used to pay for the funeral, the actual cost of the breadwinner's passing is felt.

How do those with limited means control these risks? According to Roth et al. (2007), ex ante strategies and ex post strategies are two major categories of risk management techniques employed by low-income individuals. Ex ante risk mitigation tactics entail adopting measures that lower the danger's likelihood of occurring.

Ex post risk coping techniques aim to lessen the effects of the risk after it has already happened (e.g., an emergency loan to pay for the unexpected funeral of a family member). The poor frequently have sophisticated ex ante and ex post informal risk management plans in many developing nations. Examples include relying on their extended family (inside or outside the country), relying on a network established in the community, or relying on membership in a burial society. However, these plans typically offer only bare-bones protection at best and frequently fall short if a second catastrophe strikes shortly after the first.

Microinsurance is primarily used to safeguard low-income individuals by requiring recurring premium payments corresponding to the likelihood and expense of the associated risk (Churchill 2007). The sole requirement is that the risk must be insurable for microinsurance to cover a

variety of hazards encountered by the poor, such as disease, death, crop failure, and property loss.

Microinsurance is akin to the industrial or "debt" life insurance that was available in the United Kingdom and the United States in the late 1800s and early 1900s because of the relatively modest premium and benefit levels associated with each insurance policy. Credit life insurance and funeral (burial) insurance are the two types of microinsurance that are most frequently purchased in poor nations, according to Roth et al. (2007). Because it is frequently a required component of the loan, credit life insurance, also known as loan protection insurance, is the most popular microinsurance product marketed by microfinance organizations. A credit life insurance policy accomplishes the following two goals: When a borrower passes away, it protects the lender from potential losses, and it ensures that "the debt dies with the debtor" by relieving the borrower's family of the responsibility of repaying the outstanding loan (Enarsson et al. 2006,). The cost of making funeral arrangements, which is frequently a sizable price in addition to the loss of income brought on by the death, is paid for by funeral (burial) insurance, which is offered frequently as a stand-alone insurance policy. The provision of food for a year or the replacement of lost income could be additional benefits for survivors.

A poor individual can receive some safety, peace of mind, and dignity with even modest insurance payouts. However, from the perspective of the insurers, low insured amounts entail low premiums and low profit margins. In order for microinsurance to help the poor and those who provide it, it must be well managed, economical, and widely distributed.

In any sort of voluntary life insurance program, applicants for insurance frequently choose their own interests over those of the insurance company, which is frequently counterproductive. Actuaries and insurers refer to this kind of applicant conduct as unfavorable selection or anti-

selection. Most candidates for regular life insurance must undertake life underwriting in order to find indications of elevated mortality, which helps to decrease or eliminate adverse selection. A review of the applicant's own medical history, confirmation of whether or not the applicant smokes, confirmation of the applicant's smoking status, confirmation from a predetermined list of medical conditions that, if any, have occurred in the applicant's family, and completion of a questionnaire are frequently used to achieve this. Since the low-income poor frequently do not purchase standard life insurance policies in developing nations, their mortality experience may not be included in insurance company mortality tables (Wipf and Garand 2006).

Because the death benefits and premiums in microinsurance are so small, it might not be cost-effective to use the same types of expensive medical underwriting used in developed countries to evaluate mortality risk in regular life insurance.

Therefore, micro insurers frequently adopt straightforward, affordable, and practical underwriting procedures that do not necessarily identify indications of current or prospective higher mortality, as opposed to thorough medical underwriting.

2.4.1 Why funeral insurance

Every society holds traditions and customs for honoring the deceased, ensuring proper burials, and offering solace to grieving individuals (Smith, 2000). The rituals associated with funerals and burials often differ based on the perceived social status of the departed, leading to variations in observances. Notably, the celebrations surrounding the passing of affluent individuals can shape the prevailing cultural norms of that time (Jones, 2015).

For wealthier families, the pressure to avoid a "pauper funeral" compels them to allocate substantial funds, making funerals one of the most significant financial obligations for working-class and impoverished families (Brown, 2018). To support these families, various organizations such as lodges, friendly societies, trade guilds, unions, and burial societies have emerged (Miller, 2022). These entities were established to assist working-class and financially strained families in managing situations of illness and in arranging a respectable funeral for the primary wage earner (Williams, 2010).

Despite existing in numerous nations, burial societies are particularly common in Africa. Funeral rites are much more significant in Africa than in the West, according to McNeil (1998). The only investment available to the poorest domestic worker, who has neither a savings account nor a pension, is her burial society. This sort of neighborhood club promises her family members a respectful burial, complete with a coffin, flowers, and a hearty meal for the mourners, in exchange for lifelong monthly payments. A burial society's purpose, according to Thompson and Posel (2002), is to pay for a funeral on the on the death of a member or dependent of a member; that is, it provides a means of reducing the danger of inadequate financial support for funerals for which the member or his family might be held liable. The danger that the member's family would not be able to carry out certain obligations required of them in connection with such funerals was also mentioned as a secondary risk for which a burial organization may make provisions. Through mutual aid or commercial insurance, burial societies may reduce these dangers.

The emergence of the HIV/AIDS pandemic has served as another driving force behind offering burial insurance to the impoverished. Adult populations (ages 18 to 49) in the United States have been devastated by HIV/AIDS over the past 30 years. For instance, figures from UNAIDS (2010) show that two-thirds of all HIV-positive individuals reside in sub-Saharan Africa.

Although less than 10% of the world's population lived in this region in 2009, an estimated 1.3 million adults and children perished from AIDS in sub-Saharan Africa. Researchers have discovered significant increases in mortality for both sexes since the mid-1990s, with a rapid decline in life expectancy of 12 years for females and 14 years for males in South Africa. The increases in mortality were most pronounced in children (0-4) and young adults (20-49) age groups, and they were most pronounced in children (0-4) and young adults (20-49) age groups (Kahn et al. 2007). Devastating effects of the HIV/AIDS epidemic have been seen by many in their people who are in the prime of their careers. For instance, according to Steinberg et al. (2002), a Kaiser Family Foundation survey of 771 AIDS-affected South African households revealed the following.

AIDS-related economic loss was reported by two thirds of the households surveyed.

Nearly half of respondents said they were unable to feed themselves and their kids.

Almost a quarter of the sample's under-15-year-old kids had already lost one or more parents.

Youngsters under the age of 18 provided the majority of care in 8% of the houses, cares over 60 made up 25% of households, and children were sent away to live elsewhere in 12% of the households.

A burial was paid for by about 55% of AIDS-affected households in and paid for the funeral on average four times their monthly salary.

With an average household income of between \$155 and \$308 per month, Collins and Leibbrandt (2007) stated that the majority of funerals in South Africa cost over \$1,500.

Funeral insurance is a rather prevalent informal insurance type because burial costs can be quite high. Local communities across the globe, from Ghana to South Africa, have been collecting money and other donations for generations to support the costs of funerals. These funds are typically beneficial to the bereaved family on both a financial and social level (McCord 2007). De Witte (2003), for instance, notes that in Ghana, a large funeral also recognizes a person's contribution to their matrilineal kinship group (or abusua) as a whole, whether it is financially or reproductively. Funerals have also developed into huge public exhibitions where families flaunt riches and unity in a competition for status since they are the primary event through which the abusua can achieve esteem as a family. Remittances from family members to cover funeral costs are a significant source of funding. Mazzucato et al. (2006) used Ghana as a case study and described how remittances for funeral spending support several economic sectors there, highlighting the fact that funerals are partly economic activities.

2.4.2 The Theory of Utility

The concept of "utility" was initially introduced by Jeremy Bentham (1748-1832), Thomas Bayes (1702-1761), and Daniel Bernoulli (1700-1782) (Smith, 2008). Bentham first introduced the concept in his 1789 book "Principles of Morals and Legislation," defining utility as a fundamental concept in economics (Bentham, 1789). Utility theory, as described by Bentham, refers to the idea that while quantifying the utility obtained from a good or service is challenging, it's often possible to rank consumer preferences (Business Dictionary, n.d.).

The foundational work of early economists like Nicholas Bernoulli, John von Neumann, and Oskar Morgenstern further delved into utility theory, exploring consumer decision-making and behavior (Nicholas Bernoulli, 18th century, as cited in Smith, 2008). Daniel Bernoulli, in the

18th century, extended the concept, suggesting that utility increases with wealth but at a diminishing rate (Daniel Bernoulli, as cited in Johnson, 2012). Von Neumann and Morgenstern later expanded on this idea, developing what became known as the Utility Theory, which proposed decision-making based on expected outcomes (von Neumann & Morgenstern, 1944).

Utility theory offers a methodological framework for assessing choices made by individuals, organizations, and firms (Smith, 2008). The theory posits that decisions are influenced by the pursuit of maximum utility or satisfaction (Jones, 1999). This framework is frequently used to explain consumer behavior, where individuals aim to allocate their available income to achieve the highest overall utility while considering prices and preferences (Smith, 2008).

However, consumer decision-making is influenced by a range of factors beyond perfect rationality, leading to deviations from the ideal model (Brown, 2005). Despite these complexities, utility theory assumes certain characteristics of preferences, such as completeness, reflexivity, and transitivity, to ensure decision-makers exhibit consistency (Smith, 2008).

Over time, utility theory has been extended to multi-attribute decision-making scenarios, demonstrating its versatility in complex real-world problems (Williams, 2017). This concept finds practical application in analyzing consumer behaviors and preferences, including life assurance policies, where consumers seek products that maximize utility (Kiplagat et al., 2019).

2.4.3 Prospect Theory

Prospect theory implies individuals make decisions by evaluating gains and losses relative to a reference point, where utility is concave over gains and convex over losses; furthermore, losses are weighed more heavily than gains in this setting. Cumulative prospect theory, developed by

Kahneman and Tversky (1979, 1992) implies individuals make decisions by evaluating gains and losses relative to a reference point rather than evaluating expected final wealth. Prospect theory shows people process these gains/losses using a value function that is concave for gains and convex for losses. This S- shaped value function captures individuals' risk-aversion over gains and risk-seeking behavior over losses. Furthermore, people with prospect theory preferences are willing to take on additional risk in order to avoid feeling a loss. This feature implies individuals weigh losses more heavily than gains, and this aspect of prospect theory has been termed "loss aversion." Some behaviors observed in economics, like the disposition effect or the reversing of risk aversion/risk seeking in case of gains or losses (termed the reflection effect), can also be explained by referring to the prospect theory. The pseudo-certainty effect is the observation that people may be risk-averse or risk-acceptant depending on the amounts involved and on whether the gambling relates to becoming better off or worse off. This is a possible explanation for why the same person may buy both an insurance policy and a lottery ticket. An important implication of prospect theory is that the way economic agents subjectively frame an outcome or transaction in their mind affects the utility they expect or receive. This aspect has been widely used in behavioral economics and mental accounting. Framing and prospect theory has been applied to a diverse range of situations which appear inconsistent with standard economic rationality: the equity premium puzzle, the excess returns puzzle and long swings/PPP puzzle of exchange rates through the endogenous prospect theory of Imperfect Knowledge Economics, the status quo bias, various gambling and betting puzzles, intertemporal consumption, and the endowment effect. This theory could shed some light in the consumer behavior in relation to the consumption of life insurance products.

2.4.4 Human Life Value Theory

Huebner (1927), the father of modern life assurance, established the theory of Human Life Value as the economic and philosophical framework of life assurance in 1950. Huebner's theory of Human Life Value postulates that human life has an economic value (Huebner, 1927). This theory postulates that every person who earns more than is necessary for his own self maintenance has a monetary value to those who are dependant upon him. It may therefore be defined as the capitalized value of that part of the earnings of the individual devoted to support the family dependents, business associates and others who benefit from the economic capacity. It is an established fact that a Life insurance policy ensures a life in as much as a fire policy insures a house or property. In other words, the active life span of a man is equivalent to the productive life of a physical asset, the projected earnings of man are equivalent to the future returns expected from employment of a physical asset, the projected personal expenditure of an individual is equivalent to the projected depreciation and maintenance cost of a physical asset. The human life value concept postulates that, like a corporation, a working person has capitalized earning capacity over his or her lifetime. Therefore, although everyone is unique and irreplaceable, "each human life potentially has an economic value, which is derived from its earning capacity and the financial dependency of other lives on that earning capacity. Human Life Value is the present capitalized value of a person's net future earnings after subtracting self-maintenance costs, income taxes and life insurance premiums being paid. Conceptually, human life value involves several important concrete elements including the following socio-economic relations and characteristics: - first, is that human life value is the capitalized value of an individual's earning that supports family members, dependent loved ones, and business partners. The value of one life in relation to another is the foundation of life and health insurance. The

monetary value of a human life is derived from an individual's talent and the will to put them to productive use. Huebner contented that human life values greatly exceed all property values in importance. Without human life values, there would be no property values. Generally, insurance works on the mechanism of pooled risk sharing. Insurance companies recognize the loss, be it loss of life, health, home, car, business, income, or profit and utilize pooled resources to indemnify the loss. By its very nature life assurance encourages the individual to be socially responsible. It emphasizes both the immediate and the long-term benefits of acting responsibly towards dependent individuals and society (Hofflander, 1966). Secondly, life assurance allows individuals to pool risk and share costs to protect the dependants from impoverishment, without passing on this responsibility to their community and society. This pooling and sharing illustrates that the basic principle of life assurance is cooperation. Life assurance therefore is essentially a social instrument that cares for individuals. However, there are several issues overlooked in the application of the Human Life Value method. First, it presumes that a non-wage-earning spouse has no economic value. Second, it does not take into account that there may be a lump sum needed immediately upon the death of a worker to satisfy certain financial obligations such as loans that may be called in by various creditors. These quandaries have led to the adoption of the second, and generally more widely used, approach to adequately insuring lives, and that is the total needs approach. The Total Needs Approach attempts to quantify how much life assurance would be needed to maintain the surviving loved ones' lifestyle by looking at two categories of need: cash needs and income needs. Cash needs consist of lump sums required at death for such items as final expenses, an emergency fund, a readjustment fund, a home-care fund, a mortgage/debt liquidation fund, and possibly even an education fund. Income needs address the replacement of a wage earner's income for at least their working years, reduced by any available

cash resources already in place such as existing life insurance or possibly even savings. The theory of Human Life Value as well as the total needs approach are relevant in the sense that their knowledge helps in the determination of the adequate amounts of life assurance needs, thus providing a sound theoretical foundation with regard to the successful uptake of life assurance products.

2.4.5 Neo-classical Economic Theory

Under classical economics, the value of a product was thought to depend on the costs involved in producing that product. Goods were distributed in an economy, it was assumed, in the same way that costs were distributed. The problem with this approach was that prices for a product did not always reflect the expected value as indicated by the costs of a product. Something was wrong with the perspective that the cost of a product was expressed in its price, a phenomenon that is explained by differences in 'utility'. Neo-classical economics emerged as a school in macroeconomics during the 1970s. It emphasizes the importance of rigorous micro foundations, in which the macroeconomic model is built up from the actions of individual agents, whose behavior is modeled by microeconomics. It refers to a general approach to economics based on supply and demand which depends on individuals or economic agent operating rationally, each seeking to maximize their individual utility or profit by making choices on available information. Neo-classical economics is based on three main assumptions: rationality and self-interest, utility and profit maximization, and full and relevant information. The first assumption is that people have rational preferences among outcomes that can be identified and associated with value. All agents possess rational expectations. Rationality implies that preferences are rational if they are complete and transitive. That is, the decision maker is able to compare all of the alternatives and

that these comparisons are consistent. The decision makers then choose or predict the best alternative. Rational expectations refer to the use of the available information to make the best possible predictions about the future. Neoclassical economists assume that human beings make choices that give them the best possible advantage, given the circumstances they face. Circumstances include the prices of resources, goods and services, limited income, limited technology for transforming resources into goods and services, taxes, regulations and similar objective limitations on the choices they may make. Strictly speaking, they do not assume that real human beings are rational and self-interested persons. Rather, most economists assume that economic systems work as if they consisted of rational and self-interested persons. Rationality and self-interest refer to the average person, where it is assumed that deviations from rational self-interest are random and will cancel out for the system to act as if everyone were rational and self-interested. People are sometimes altruistic, acting on non-self-interested values. But when they do so, they act on their own values, not those of the government, some philosopher or the observing economist. Broader neoclassical economics assumes that people choose in the way that best advances their own values, altruistic or self-interested as those values may be. The second assumption is that individuals maximize utility and firms maximize profits. Utility maximization implies that rational economic agents make decisions that maximize their satisfaction in consumption. Under profit maximization, the agents determine price and output levels that return the highest profits possible. The third assumption is that people act independently on the basis of full and relevant information. Information relevant for decision making is available to decision makers who make full use of it. There is perfect information such that no economic agent will be left worse off or better off for lack of relevant information for decision making. From the three assumptions above, neoclassical economists have built a

structure to understand the allocation of scarce resources among alternative ends. From the basic assumptions of neoclassical economics comes a wide range of theories about various areas of economic activity. For instance, profit maximization lies behind the neoclassical theory of the firm and utility maximization is the source for the neoclassical theory of consumption.

The framework of neoclassical economics is summarized as follows: Buyers attempt to maximize their gains from getting goods, they do this by increasing their purchases of a good until what they gain from an extra unit is just balanced by what they have to give up obtaining it. In this way they maximize utility, the satisfaction associated with the consumption of goods and services. Likewise, individuals provide labour to firms that wish to employ them by balancing the gains from offering the marginal unit of their services (the wage that they would receive) with the disutility of labour itself- the loss of leisure. Individuals therefore make choices at the margin. This results in a theory of demand for goods and supply of productive factors. Similarly, producers attempt to produce units of a good so that the cost of producing the incremental or marginal unit is just balanced by the revenue it generates. In this way, they maximize profits. Firms also hire employees up to the point that the cost of the additional employee is just balanced by the value of output that the additional employee would produce. The neoclassical vision thus involves economic agents, be they households or firms, optimizing, subject to all relevant constraints. Value is linked to unlimited desires and wants colliding with constraints or scarcity. The tensions and decision problems are worked out in markets. Prices are the signals that tell households and firms whether their conflicting desires can be reconciled. In this study, insurance companies and individual life policy consumers are assumed to have rational expectations that can be identified and associated with value. They are able to compare all alternatives, choosing or predicting the best alternative. Therefore, they make choices giving

them the best possible advantage, given the circumstances they face. Circumstances in this regard include desire to build an estate for ones dependants, ability to meet other financial obligations such as paying school fees, participation in charity, purchase of other consumer goods and services, accumulating savings through other channels, and protection against the effects of premature death among others. In addition, life policyholders seek to maximize utility preferring higher benefits (theory of consumption) while insurance companies maximize profits through minimization of costs by way of lower costs and increased output (theory of the firm). While individual life policyholders would make decisions that maximize their satisfaction, the insurance companies would determine premium levels and products that return the highest profit possible. Finally, both individual life policy consumers and insurance companies are assumed to act independently on the basis of full and relevant information, with none being worse or better off for lack of relevant information for decision making.

According to (Mahdzan & Victorian , 2013), in their study of the determinants of Life Insurance demand: a focus on saving motives and financial literacy, the theoretical underpinnings on life insurance demand date back to the 1960s with works by Yaari in which theoretical frame works for life insurance demand were developed, and the demand for life insurance was attributed to a person's desire (or a "joy of giving") to bequeath funds to dependents and provide income for retirement. They further asserted that it was posited that the demand for life insurance is a function of wealth, expected income over a person's lifetime, interest rates, the cost of life insurance policies (e.g. administrative costs) and the assumed subjective discount on current over future consumption. The main objective of the study was to investigate the determinants of life insurance demand among life insurance policyholders of five major life insurance companies in Kuala Lumpur, Malaysia. From a sample size of 259 individuals, the study analyzed the

influence of demographic variables, saving motives and financial literacy, on life insurance demand. To determine the relationship between the demographic factors and life insurance demand one way ANOVA tests were conducted. The relationship between financial literacy and saving motives (precautionary, bequest, life cycle and wealth accumulation motives) with life insurance demand was then analyzed using a multiple regression. The results of the study revealed that demographic variables and saving motives were significantly related to life insurance demand. Financial literacy, however, was found to be insignificant in determining life insurance demand.

2.5 Willingness and ability to pay.

Consumer willingness and ability to pay make up the two components of predictability of consumer contributions (Al-Ghuraiz and Enshassi 2005). According to Al-Ghuraiz and Enshassi (2005), the maximum price a customer is ready to pay for a service in order to avoid going without it or benefit from a higher level of quality is known as the consumer's willingness to pay (WTP) (Whitehead 2005). The willingness to pay idea, which serves as the main element of the benefit-cost evaluation, is helpful in picturing the viewpoint of system users (Khisty and Lall 2003). (Hoehn and Krieger 2000, Al-Ghuraiz and Enshassi 2004).

Additionally, a positive willingness to pay not only demonstrates a favorable attitude toward the object of value, but also has the benefit of demonstrating how strongly that attitude is bound by characteristics like financial capability (Jones-Lee 1993, Walton et al. 2004). Additionally, to the benefits concept, one of the normative methods that underlies the idea of taxation is the ability to pay (ATP) principle (Musgrave and Musgrave 1975, Deb et al. 2003). According to the ability to pay principle, individuals who can afford to pay more should pay more for a public initiative.

The equal marginal sacrifice principle is the most widely used iteration of the ability to pay principle (Musgrave and Musgrave 1975).

It's common to assume that people who say they're willing to pay the price will somehow be able to do so (Russell 1996, Mataria et al. 2006). In fact, as stated by Senbil and Kitamura (2004), people tend to report values below the real value that can be paid because they may feel more comfortable leaving a gap that could be crossed in the event of increased risk. However, when their reported values prove to be useless, they may gradually increase the value or abruptly switch to the real willingness to pay. So, the relationship between willingness to pay and ability to pay is still up for dispute. The two ideas, according to some economists, should be sharply differentiated from one another (Mataria et al. 2006).

2.5.1 Economic Framework

The demand function for a group of users reveals the values they place on various levels of service, which is the fundamental principle driving the usage of economic variables to reflect the impact on consumers. In this way, the demand function illustrates how willing users are to pay for certain service levels (Manheim 1979). The willingness to pay argument, the gross-benefit view, the consumer-surplus view, and the user-cost view are three alternate perspectives on how to quantify the benefit to users (see Manheim 1979 for more detail explanation). These measurements of user benefit have a fundamental flaw in that, when employed carelessly, they favor people with higher incomes (Manheim 1979). The overall result is that high-income people benefit from services.

In general, services for high-income customers would result in more positive user experiences than services for low-income users. Where it describes the idea of willingness to accept (WTA), this is bad (Manheim 1979). Senbil and Kitamura (2004) provide a more thorough treatment of willingness to accept, which is based on compensating variation (CV) and equivalent variation (EV) as approaches to changes in consumer surplus (Hicks 1943, 1956).

In addition, during the past few decades, the theoretical underpinnings of microeconomics in general and home behavior in particular have moved away from the limited perspective of orthodox neoclassical economics (Linscheidt 1999). The new consumer theory from Lancaster (1966a, b) is the first topic that is exploration.

First, Roth goes into great depth about the new consumer theory from Lancaster (1966a, b) (1979). Accordingly, the choice problem can be properly understood by taking into account the fact that characteristics can be acquired through the purchase of market goods, which in turn requires money (Jara-Daz 1998). This theory introduces the idea of goods' characteristics. This strategy's core tenet is that commodities and services available on the market are only inputs into the consumption process. The consumer actually worries about the necessities or commodities rather than the things themselves. Consequently, these commodities are related to the utility function that a household maximizes (Linscheidt 1999). Consequently, the fulfillment of a particular demand is independent of single Market Good (Lancaster 1966a).

Second, the idea of constrained rationality challenges the notion that households act as completely rational maximizers. Thus, it becomes clear that most of the time, consumer choices are definitely inefficient if we use the more realistic definition of bounded rationality, which includes partial knowledge, cognitive restrictions, and satisfaction (Simon 1957). (Linscheidt 1999). Accordingly, behavioral or social innovation refers to the introduction of a new mix of

time, labor, and human capital by a household to increase its output of commodities for a given level of wealth. Therefore, consumption patterns appear to be far more flexible over time than conventional neoclassical theory predicts (Linscheiadt 1999); where there are externalities in consumption, the decision to consume is essentially dynamic in nature (Kemp 1999).

Additionally, normative and behavioral economics have evolved in their knowledge of how people make decisions, placing an emphasis on the gathering of data pertaining to differences in the measurements of values (see Knetsch and Sinden 1984, Loomes et al. 2006, and Sugden 2003 for more discussion regarding this topic). The preferences that direct people's real conduct are frequently illogical and unpredictable, according to Sugden (2005). In reality, research by psychologists has revealed that people frequently treat gains and losses inequitably and have a propensity to demand a significantly bigger increase in wealth to make up for a loss than they would be ready to pay for an identical gain (Guria et al. 2005)

2.5.2 The Relationship between Willingness and Ability to Pay

Even if a person pays for a service in the actual world after expressing a willingness to pay for it, such stated and revealed conduct may not be automatically read as evidence of affordability. Payments may be made at a considerable social cost, obliging the person to give up consumption such as education, just to be able to acquire the service. Indeed, individuals begin a process of re-prioritizing what is important and what is not when faced with a severe social and/or economic exogenous shock, such as rapid poverty. This causes them to underestimate issues in which they had previously expressed relative interest (Mataria et al. 2006).

In these situations, the role of willingness to pay is made explicit, emphasizing the distinction between willingness and ability to pay.

Given that willingness to pay values are dependent on psychological factors, as mentioned by Ajzen et al. (2000) and Walton et al. (2004), it does seem fair to accord good services, especially to the poor, a high willingness and ability to pay value even when they are out of reach. Additionally, it seems reasonable for the poor to express a very low, ability to pay even for very good services, as ability to pay is defined as the actual allocation or share from his/her income in order to purchase the service, which restricts the ability to do so. There is a good chance that someone could have both a high willingness and ability to pay and a low ability to pay.

This indicates that the underprivileged have a high regard for goods and services that are out of their price range.

2.6 EMPIRICAL LITERATURE REVIEW

Nwankwo (2011) claims that the demand for insurance and risk protection evolved from the need to meet security requirements for both natural and man-made disasters, and that exchanging uncertainty for some degree of justifiable assurance has always been a fundamental human urge. More research has been done on the impact and outcomes of social-economic and demographic traits on insurance patronage since the insurance sector experienced growth in the late 1990s. To rule out the long-established impacts of social-economic and demographic factors on numerous measures of wellbeing and lifestyle outcomes, many contemporary scientists appear to be interested in social-economics and demographic factors. Since socioeconomic status is typically

not observed, proxy metrics are needed. Income, consumption, wealth, education, and employment are typical concepts considered when looking for proxy measurements.

However, throughout time and among populations of societies, the proportional weight given to these and other notions in describing socioeconomic position can vary significantly. The measurable statistics of a population's demographics include biological information about everyone, such as age, income, gender and sex, marriage status, job status, and religion, among other things. Many academics have thoroughly investigated and documented the evidence of the influence of social-economic and demographic traits on insurance patronage, including Grossman (1972), Kroniek and Gilman (1999), Long and Marquis (2002), and Pauly and Herring (2001). For instance, Propper, 2000; Temple, 2002 discovered that family size, sex, and occupation were reliable predictors of health insurance use. Once more, Browne and Kim (1993) discovered a favorable correlation between life insurance usage and the amount of

Once more, Browne and Kim (1993) discovered a favorable correlation between the use of life insurance and income.

Many people in Africa are struggling financially and have little to no access to government aid or insurance

Ibok (2012) investigated the relationship between social-economic and demographic variables and the combined effect of these variables in determining health insurance consumption in a developing economy like Nigeria and discovered that socioeconomic factors, with the exception of religion, had positive coefficients indicating that health insurance patronage is a function of the consumer's social -economics and demographic characteristics. These socioeconomic factors included age, sex, income, access to health insurance information, education, age, marital status,

sex, family size, and occupation. In this study, the independent variables that will be tested to see how they affect the dependent variable, funeral insurance, are the socio-economic and demographic characteristics. The details of these variables are provided below.

2.6.1 Income Status

Guha-Khasnobis and Ahuja (2004) claim that the tough economic circumstances of impoverished people and households put them at great danger and make it difficult for them to break the cycle of poverty.

Consequently, there must be steps taken to enable the underprivileged to manage risk efficiently (Holzmann and Jorgensen, 2000; Siegel et al., 2001). Risks do, in fact, have a big impact on impoverished people's life, according to Akotey et al (2011). One of the financial risk management techniques that can effectively help the poor manage risk is insurance. Poor people are found to be less likely to participate in insurance because they are more risk-averse and feel more exposed to risk than other people. Due to the fact that consumption and human capital often rise in tandem with income, there is a demand for insurance in order to protect the insured's prospective income.

A household with little income is one that cannot afford the standard insurance premiums. Due to their numerous dangers, some of which are mass covariant risks, the impoverished are uninsurable for other people (Guha-Khasnobis and Ahuja, 2004). In more recent years, Giesbert, et al. (2011) emphasized that household savings frequently serve an insurance purpose and that it is likely that savings and loans are used most heavily as insurance replacements where there is no insurance market. India's experiences, however, have demonstrated that the underprivileged can

pay tiny, regular premiums to protect themselves from threats. Additionally, they are insurable since the risks they experience are unique and predictable and that there are affordable ways to provide insurance to those persons.

2.6.2 Gender and Sex

Through a study on insurance ownership among South African women, Kirigia et al. (2005) discovered that there is a direct correlation between health insurance use and the numerous SED characteristics of South African women. Because of their domestic and parenting responsibilities, Ghanaian women are often less risk-averse than males, and as a result, they are more likely to purchase insurance policies (Giesbert et al., 2011).

2.6.3 Education

Regarding this aspect, Ibok (2012) found that people's ability to comprehend the advantages of risk management and even long-term savings as a preventative measure grows with education, which in turn raises their risk aversion. Thus, health insurance use is certainly influenced by education (Bloom, 2004; Blumberg and Nichols, 2002)

Any sort of insurance product demand is positively connected with a population's degree of education. This is due to the possibility that education could improve people's comprehension of the advantages of risk management and their inclination to purchase insurance policies. According to Akotey et al. (2011), the poor acceptance of insurance among Ghana's low-income population is largely due to ignorance about insurance policies and products and, to some extent, misunderstanding of the concept of insurance. They asserted that the demand for microinsurance

is positively and significantly influenced by one's level of insurance knowledge rather than formal education, which they claimed is not a significant driver.

2.6.4 Religious Status

The need for insurance is influenced by religious variables, according to earlier studies. Previous studies have found that religious factors affect the demand for insurance. Religious faith of the people has been investigated and found with empirical evidence to affect health insurance consumption (Ibok, 2006; Juetting, 2003). For instance, Juetting (2003), found a significant relationship between Catholicism and health insurance consumption. Again, Saaty (2011) also analyzed the effect of Islamic principle on insurance customer's future plan to purchase insurance and found that people in Saudi Arabia consider insurance to be against Sharia'h and that it is partially true and affects the purchasing decision of the people. More recently, Ibok (2012) through research in Nigeria observed that religion as a socio-economic and demographic variable had no effect on insurance consumption.

2.6.5 Age

According to Ibok (2006) age has been identified as a statistically significant variable and has positive predictions on insurance patronage. Although it has been established that insurance consumption cuts across every age, older individuals are generally more knowledgeable in insurance and their literacy and attitude towards insurance is much higher than younger individuals.

2.6.6 Marital Status

According to researchers like Trujillo (2003), Liu and Chen (2002), Cameron and McCollum (1995), married couples are more likely to purchase insurance of any kind, and those in gainful employment likewise purchase insurance at a higher rate than those who are unemployed (Butler, 1999; Sawage and Wright, 1999).

Marital status has a favorable and considerable impact on the demand for microinsurance, according to Akotey et al. (2011). In order to protect their family's future in the event of their passing, it was reported that married couples will need a variety of micro-insurance services, such as life insurance.

2.6.7 Employment Status

According to several studies, socio-economic and demographic variables, particularly education, have an impact on people's work situation. Yuzbasioglu (2010) asserts that areas with lower levels of education are more likely to have informal employment. Sisman (1999) noted that persons with low levels of education and skills must work in the unorganized sector in emerging nations. Years later, Akturk (2005) discovered that people in developing countries who are primarily uneducated engage in unskilled jobs since there isn't enough opportunity to generate employment.

Private insurance businesses have flooded the Ghanaian insurance market over the past 20 years, and their operations have positively impacted socioeconomic advancements. Contrarily, the industry faces numerous difficulties, some of which are particularly prevalent: low customer support, inadequate knowledge of the industry and low public trust in it. Up until recently and

still today, the industry's lax regulatory framework for insurance administration has resulted in price undercutting, inflated claims, and late payment of claims. Low customer support for insurance policies and goods in the Ghanaian insurance industry is a result of these and numerous additional underlying issues.

In Sulur Special Panchayat, Coimbatore District, India, Rani (2007) employed the probit regression modeling technique with 172 sample families to examine the factors that influence the demand for insurance. According to the investigation, the majority of the respondents made it apparent that the primary reason they wanted insurance plans was to protect their savings. One of the main economic reasons why non-insurers don't seek insurance policies is a lack of revenue. Furthermore, it was deduced from the probit regression analysis that age, income, and property worth have emerged as major predictors of insurance demand. Therefore, it was determined that the demand for insurance was not driven by a desire to save money or avoid risk. However, consumers prefer to receive the greatest benefit while paying the least amount of premium over their lifetime.

Using panel data analysis techniques for 14 countries between 1996 and 2006, Nesterova's study, "Determinants of Demand for Life Insurance: Evidence from Selected Commonwealth of Independent States and Central and Eastern European Countries," finds that countries with higher life expectancy at birth, income level, dependency ratio, and countries (members of the European Union) have higher levels of life insurance consumption while financial development indicator, inflation, and an

The most reliable predictors of life insurance consumption, according to research on the determinants of life insurance consumption across nations using a cross-sectional sample of 63

countries averaged over 1980–1996 are educational attainment, banking sector development, and inflation, while income is only a marginal predictor.

In 23 countries between 1960 and 1996, the findings regarding inflation and educational attainment were confirmed. The findings support the idea that in order for an economy to fully benefit from life insurance and all of its advantages, it is important to support price stability, financial sector reform, and an effective educational system.

Using regression analysis, Hammond conducts research on how economic and demographic factors affect the demand for life insurance. They discover that a person's level of income, net worth, stage in life, level of education, and line of work all have a big impact on how much life insurance they buy.

Using time series regression for the years 1946–1964, Neumann examines the effect of inflation on the purchase of life insurance. In contrast, other explanatory factors are employed to, such as income, the number of marriages, births, and urban families.

As a result, it is discovered that inflation has little to no impact on the consumption of life insurance.

In 1969, Berekson used regression analysis to examine how factors such as age, marital status, the number of financially responsible children, gross income, siblings' birth orders, and parents' divorces affected people's use of life insurance. While age, the number of children, and the birth order variables have significant effect on demand for life insurance, income is not significant for one survey and significant for one another.

Neumann investigates the impact of inflation on life insurance consumption by using time series regression for the period of 1946–1964. However, other explanatory variables such as income,

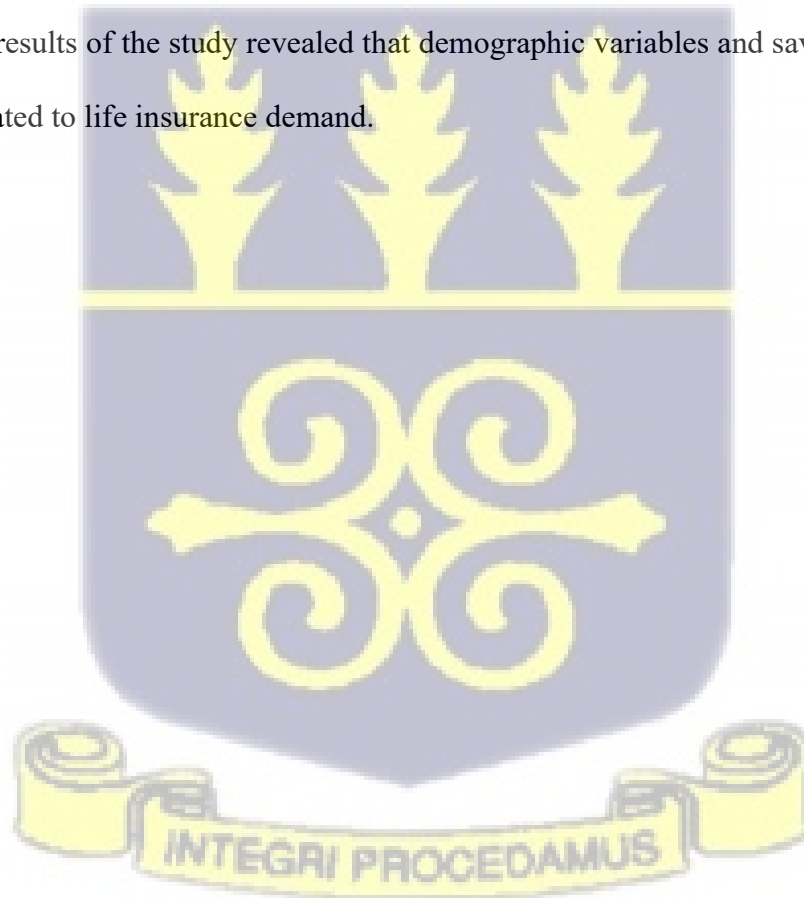
number of marriages, births and urban households are used to prevent spurious correlation. As a result, it is found that inflation has no significant effect on life insurance consumption. Berekson analyzes the impact of age, marital status, number of children financially responsible, gross income, birth order among siblings and parents divorced on life insurance consumption by using regression analysis in 1969. They find that while age, number of children and birth order variables have significant effects on demand for life insurance, income is not significant for one survey and significant for another. Fortune studies the determinants of life insurance consumption by using multiple regression analysis for the period between 1964 and 1971. As a result of multiple regression analysis, non-human wealth held, wages, discount rate and consumer confidence variables are found significant. While non-human wealth held affects life insurance consumption in negative way, wages and discount rate affect in positive way. Anderson and Nevin investigated life insurance purchasing behavior of young newly married couples by conducting survey of young married couples for the period of 1968-1971. They use twenty independent variables and three different dependent variables (life premium expenditures, amount of life insurance purchased, type of life insurance purchased). They find that following six independent variables are statistically significant in explaining the amount of life insurance purchased; education, current household income, expected household income, net worth of household, husband's insurance before marriage and wife's insurance before marriage. Three of the independent variables are significant in explaining type of life insurance purchased, net worth, wife's insurance portfolio before marriage, influence of insurance agent. Burnett and Palmer analyzed the impact of demographic and psychographic variables on demand for life insurance. They observe that in psychographic variables work ethic, fatalism, socialization preference, religion salience, and assertiveness are the most important factors that affect life

insurance consumption. In addition, education, number of children and income are the best demographic factors. Truett and Truett (1990) compared the demand for life insurance in Mexico with that in the United States by applying time series regression. As a result, they find that age, education and level of income are the significant factors positively related with life insurance consumption. In addition, they stress that income elasticity of demand for life insurance is much higher in Mexico Çelik and Kayali investigated the determinants of demand for life insurance in cross section of 31 European countries. As a result, they find that income is the central variable which affects life insurance consumption. In addition, while the impact of population and income on demand for life insurance is positive, education level and inflation affect life insurance consumption in negative way.

Akotey, Osei, & Gemagah (2011) carried out a study in Ghana on the demand for Microinsurance in Ghana. The objective of the study was to identify the factors influencing the demand for micro-insurance services among the informal sector workers of Ghana who were perceived to be vulnerable to the various risk exposures in the economy. The study adopted a quantitative technique based on primary data sampled from 100 informal sector workers from four major market centres in Accra, Ghana (Akotey, Osei, & Gemagah, 2011). In that study, (Akotey et al, 2014), probit regression model was used for the empirical investigation and the results showed that premium flexibility, income level, and nodal agency were significant determinants of microinsurance demand. Further that knowledge on insurance matters, level of trust and marital status also influenced the demand for micro-insurance positively and significantly. However, the study revealed that formal education was not a significant determinant of micro-insurance demand. This is in contrast with the findings of Gao (2003), who in his study in China on the determinants of life assurance, found out that educational level was

positively and statistically significant in the determination of demand for life assurance products. The difference could be as a result of the fact that the need for life assurance is more understood by people with formal education than with ordinary masses including informal sector workers who may have different visions and ambitions in life and may have little or no regard for whatever life assurance purports to achieve in one's life, in other words they may lack the behest motives as it were. The gap here is that the study focused on micro-insurance and on informal sector workers and this may make it difficult to generalize the findings to other insurance products and particularly life assurance policies that have provide more than just protection on all the other operational risk events. The study revealed that market share and geographical location had a positive and significant influence on the frequency and severity of operational losses while variety of insurance products had a negative relationship on the frequency and severity of operational losses. This study, although not directly dealing with the determinants of life assurance demand, its methodology would provide a useful insight in the development of a suitable model for examining the determinants of life assurance products. The gap established here relates to the fact that the study was done in a foreign country therefore its findings may not necessarily be able to be reflected in Kenya since the risk exposures may not be similar. Therefore there is a need to do a similar study locally o (Mahdzan & Victorian , 2013), in their study of the determinants of Life Insurance demand: a focus on saving motives and financial literacy, the theoretical underpinnings on life insurance demand date back to the 1960s with works by Yaari in which theoretical frame works for life insurance demand were developed, and the demand for life insurance was attributed to a person's desire (or a "joy of giving") to bequeath funds to dependents and provide income for retirement. They further asserted that it was posited that the demand for life insurance is a function of wealth, expected income over a

person's lifetime, interest rates, the cost of life insurance policies (e.g. administrative costs) and the assumed subjective discount on current over future consumption. The main objective of the study was to investigate the determinants of life insurance demand among life insurance policyholders of five major life insurance companies in Kuala Lumpur, Malaysia. From a sample size of 259 individuals, the study analyzed the influence of demographic variables, saving motives and financial literacy, on life insurance demand. To determine the relationship between the demographic factors and life insurance demand one way ANOVA tests were conducted. The relationship between financial literacy and saving motives (precautionary, bequest, life cycle and wealth accumulation motives) with life insurance demand was then analyzed using a multiple regression. The results of the study revealed that demographic variables and saving motives were significantly related to life insurance demand.



2.7 Contextual framework

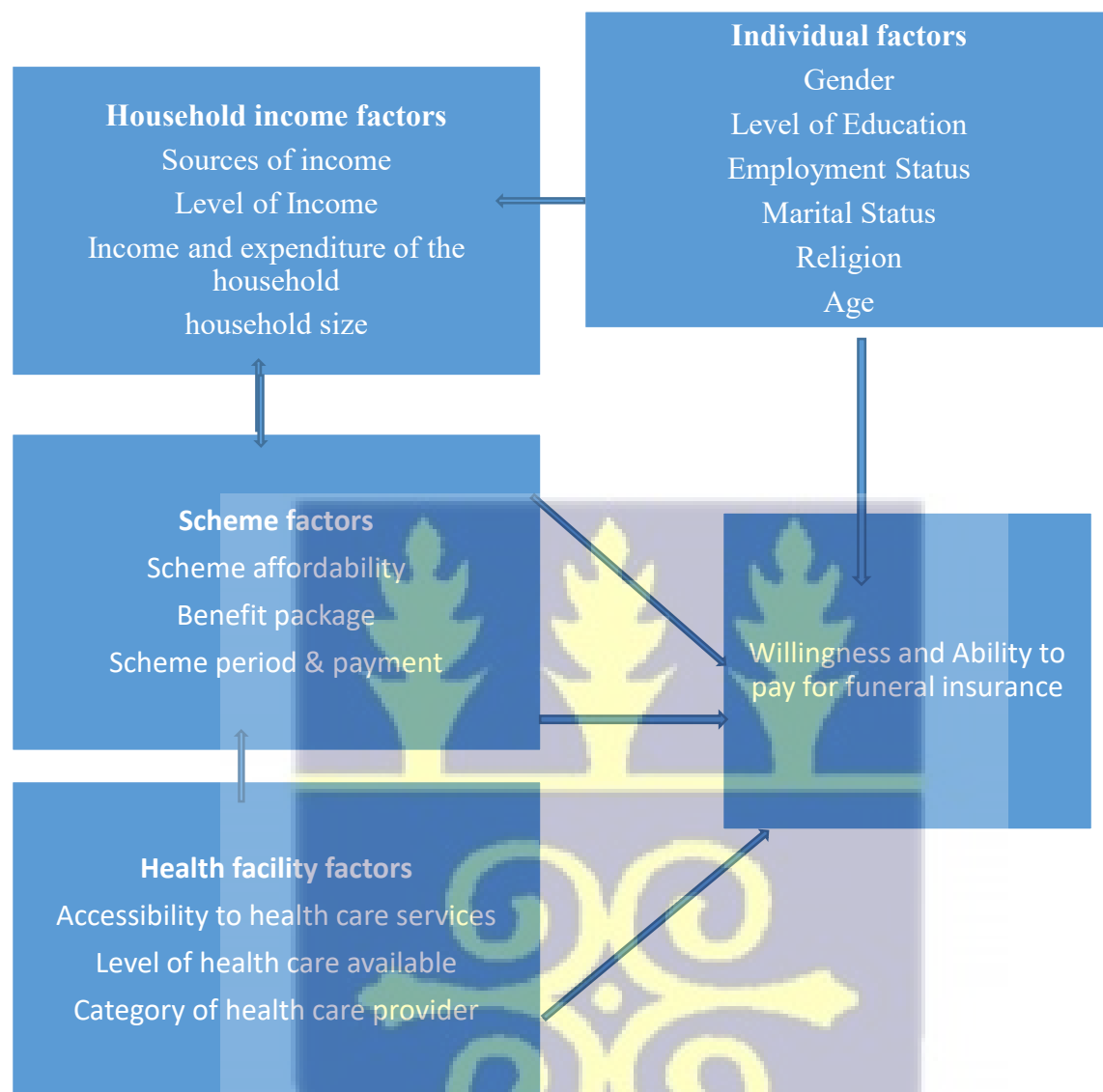


Figure 1: Conceptual framework

Source : (Kotler and Armstrong 2010, principle of marketing 13th edith)

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methods used in data collection and analysis of the study. This chapter presents the views and opinions of sampled respondents on the perception and determinants of life insurance participation. Considering the nature of the objective of the study, a cross-sectional survey was deemed appropriate. Sections under this part of the study highlight the research design and approach, the various sources of data, sample size, and data analysis in a coherent order. It further presents the regression model adopted to address the set objectives of the study. Moreover, this chapter of the study presents the methods used to organize and analyse the data.

3.1 Research Approach

Primary approaches to research methodologies identified include qualitative, quantitative, and mixed research methods. Qualitative research is an array of interpretative techniques which seek to make the description and presentation of results into more meaningful form. Qualitative research is concerned with non-numeric approaches to collecting and analyzing data into meaningful information. On the other hand, quantitative research is the approach of collecting and analyzing data or variables in a numeric form. Quantitative research consists of those studies in which the data concerned can be analyzed in terms of numbers (Greene, 2012). Consequently, the mixed method involves a combination of qualitative and quantitative methods. The study adopted a mixed-method design. Creswell (2009) defines mixed-method research as one that focuses on collecting, analyzing, and mixing both qualitative and quantitative data in a single

study or series of studies. Its central premise is that the use of quantitative and qualitative approaches, in combination, provides a better understanding of research problems than either approach alone. The concurrent triangulation design is used in this study

3.2 Research Design

The study employed a cross-sectional survey. A cross sectional survey is a type of research that analyzes data across a sample population at a specific point in time.

A cross-sectional design is considered suitable for this study because the research will be for a one-time point or over a short period and the prevalence of the outcome of interest for a given population, commonly for the purposes of public health planning. Data will also be collected on individual characteristics, including Income and Wealth items Health and Health-Related items, Willingness to Join a Scheme, and Willingness to pay for the Scheme. In this way, cross-sectional studies provide a 'snapshot' of the outcome and the characteristics associated with it, at a specific point in time (Levin, K. A.2006).

3.3 Study population

The population refers to the target group of interest of the researcher. The research participants consisted of formal workers in Ghana in five municipalities in the Ashanti region.

3.4 Study variables

The variables under study are.

3.4.1 Dependent variables

The dependent variable of a probit regression is a dichotomous variable that represents the likelihood that a person would be willing and able to pay for funeral insurance.

3.4.2 Independent variables

The choice of independent variables for the above models was based mainly on related studies such as Akotey et al (2011); Boadu et al (2014) Betts, (2004), Beck and Webb, (2003), Olsberg, (2004) and Kamau, (2013).

3.5 Eligibility criteria

3.5.1 Inclusion criteria

This will include all households with at least one member as a formal worker that are full-time employees and are registered under social security and national insurance trust.

3.5.2 Exclusion criteria

Non formal workers even if they are registered under social security and national insurance trust.

3.6 Sample and Sampling Technique

According to Laursen, Little, and Card (2011), Random samples are most likely to yield a sample that truly represents the population when compared to non-random samples. Random sampling lets researchers make accurate assumptions or generalisations from the sample to the population under study. Random sampling lets a researcher statistically calculate the relationship between the sample and the population.

This study employed the Simple Random Sampling Technique (SRT). In statistics, a simple random sample is a group of subjects (a sample) chosen from a larger group (a population). Each subject (an individual in a sample) from the population is chosen randomly and entirely by chance, meaning that each subject has the same probability of being chosen at any stage during the sampling process. The simple random sampling design is a design where each member of the population has equal chance of been selected to the sample, therefore the simple random sampling technique is deemed appropriate since it ensures that all respondents are given an equal chance of being selected for the study. It is an unbiased method. This study randomly collected socioeconomic data on 378 respondents from formal workers in Ghana. The researcher makes a list of elements from the sample frame and from the sample frame the researcher draws the subject or respondents that will take part in the study. Five districts were selected based on the availability of health facilities and the number of formal workers who are registered under social security and the national insurance trust.

According to Yamane (1967) and Cohen (1992), Statistical power formula for sample size is given by: $n = (N/(1 + N(e)^2) \dots \dots \dots 1$

Where;

n=sample size,

N=size of the population, N=2471

e=margin of error (0.05)/ level of precision

$$n = (2471/(1 + 2471(0.05)^2) \dots \dots \dots 1$$

n=344

Refusal rate=10%

$$n = (0.1 * 3441) \dots \dots \dots 1$$

$$n = 0.1 * 344 = 34$$

$$n = 378$$

3.7 Data collection instrument

This study used a well-structured questionnaire in the collection of primary data from the targeted respondents. According to Greene (2012), the descriptive and empirical approach of research is to collect information about the present existing situation. The purpose of employing this method was to describe the nature of a situation as it exists at the time of this study and explore the causes of phenomena.

A well-structured questionnaire with closed and open-ended questions was used to solicit views from the selected respondent. The Closed-ended questions consist of a prepared list of concrete questions and a choice of possible answers in which respondents select appropriate responses while the Open-ended allows the respondents to freely express their thoughts. Also, questions about the demographics of the respondents would be asked as well as the insurance companies respondents subscribe to, and their insurance practice areas.

3.8 Eliciting willingness to pay.

The contingent valuation was used to elicit the WTP for the household head, and other members of the household using the bidding game technique. Three iterations were used in the bidding game depending on their response to the starting bid question. The final bid question was an open-ended amount that indicated the respondents' maximum WTP. A brief introductory

explanation and scenario about health insurance were provided to the respondents before determining their levels of WTP for the scheme. The concept of health insurance and its attributes were explained before starting the bidding game. The starting point bid of 100 Cedis was based on the average premium contributions of existing voluntary schemes in Ghana such as the voluntary contributor's social health insurance programme in Ghana. The bidding game iteration for eliciting WTP for the individual were:

1. If the price of a monthly insurance premium per person is 100.00gh cedis, will you be willing to pay?
2. What if the premium is 50ghc, will you be willing to pay?
3. What if the premium is 50ghc, will you be willing to pay?
4. What if the premium is less than 10ghc, will you be willing to pay?
5. What is the maximum amount you are willing to pay for the insurance premium?

3.8.1 Model Specification

The study adopted an econometric model called the probit model which has a framework that has dummy variables as dependent variables. Akotey et al. (2011) used this model in similar research and the results proved highly accurate. The Probit Model assumes that unobserved variables like the desire for a thing is called latent variables and therefore assumes the existence of an underlying latent dichotomous realization. The only limitation of probit models is that **they require normal distributions for all unobserved components of utility**. In many, perhaps most situations, normal distributions provide an adequate representation of the random components. In this model,

the observed dummy variable, Y, is whether the consumer is willing to pay for any insurance policy apart from the funeral insurance. While Y* is willingness to pay for funeral insurance policies. Thus, when a person's desire is >0 (Y*>0) the person demands insurance policies. Maddala (2005) thus emphasized that there is a desire and ability involved in the model which is usually determined by the dependent variable. However, since willingness is intrinsic and cannot be seen, we define Y the dummy variable as

Y=1 (if a person demands insurance) Y=0 (if a person does not demand insurance)

We, therefore, defined the latent variable, Y* as $Y^* = X\beta + e \dots\dots\dots 1$

Therefore, the equation.

$$Y^* = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \beta_6x_6 + \beta_7x_7 + \beta_8x_8 + e \dots\dots\dots 2$$

Where Y*=Desire which is unobserved X=the independent variables β =Coefficient of the explanatory variables e=the error term which is distributed as normal variables (standard normal distribution)

Thus, the model equation is funeral Insurance;

$$\begin{aligned} \text{funeral insurance} &= \beta_0 + \beta_1\text{Sex} + \beta_2\text{education} + \beta_3\text{age} + \beta_4\text{marital status} \\ &+ \beta_5\text{income status} + \beta_6\text{employment} + \beta_7\text{number of dependents} \\ &+ \beta_8\text{religion} + e \dots\dots 3 \end{aligned}$$

Therefore, funeral insurance (Y*) is estimated to be a function of several SED characteristics of the consumer expressed in the equation above.

Where.

Y*= funeral insurance

X1 =sex,

X2 =education,

X3 =age,

X4 =marital status,

X5 =income status,

X6 =employment status,

X7 =number of dependents,

X8 =religion, and

e=error term.

3.9 Data processing

Data for the study will be derived from both primary and secondary sources. The primary data for the study will be obtained from all selected all households with at least one member as a formal worker that are full-time employees and are registered under social security and national insurance trust. Secondary data will be gotten from the District Assembly thus on the number, of public workers.

This will include all households with at least one member as a formal worker that are full-time employees and are registered under social security and national insurance trust.

3.10 Quality control

Mechanisms were instituted to achieve data reliability and quality to reduce the impact of biases.

These comprised training of research assistants, pre-testing of the questionnaire and the

administration of questionnaires and consent forms, data entry, and processing. Completed questionnaires will be taken through the validity process and entered daily. The data was then scrutinized for errors and cleaned.

3.10.1 Training of research assistants

Research assistants with working knowledge of data collection who are fluent in Twi and English will be recruited. Training of four research assistants will include the explanation of questionnaires, privacy, and confidentiality, seeking informed consent, and ethics. They will be remunerated for their service.

3.11 Data Analysis

This section shows the different unique statistical methods used to address the set objectives of the study. The study made use of both descriptive and inferential statistics. The frequency, percentages, mean, standard deviation, table and charts were used in the analysis of the set objectives,

3.11.1 Determination of background characteristics of respondents

The background characteristics of the study/survey respondents will be obtained by tabulating sex, age group, marital status, education level, ethnicity, religion and employment status, net monthly income, and persons in household by groups using STATA Version 14. Also, a quantile regression will run between household cost and the independent demographic factors.

3.12 Ethical consideration

The consent of household heads for this study will be requested and made aware that they can redraw any time they deem fit (find attached a sample signed copy of a consent form at the Appendix)

Potential risk/benefit:

The study is not expected to expose the participants to any physical harm. However, they will be required to spend a maximum of 45 to 60 minutes to respond to the questions. They may also feel uncomfortable in responding to the questions in the questionnaire. A malt drink and meat pie will be given to the study participant as a form of appreciation for participating in the study. The study is expected to provide information about the willingness and ability to pay for funeral insurance among formal workers in Ghana.

3.13 Privacy/confidentiality:

Data collected from patients and accompanying relatives interviewed will be kept private and confidential. Questionnaires will also be anonymous. Interviews will be conducted in enclosed places. All the information that will be collected would remain solely for the study and would not be shared.



3.14 Data storage, security, and usage:

Questionnaires are going to be serialized, coded, and kept under lock and key to which only the Principal Investigator will have access. The coded questionnaires will be entered into Stata with a password and kept by only by the Principal Investigator. Soft copies will be stored on external storage device and after use of data, all soft copies will be cleaned, and hard copies destroyed after two years.

3.15 Description of consenting process:

Permission will also be sought from each selected household head in the form of written informed consent. The purpose of the study will be explained to the participant in the language he/she understands. However, a participant who will not be able to read, another person will be made to witness the process and both the participant, and the witness will be made to thumb print or sign the consent and witness form respectively. A copy of the signed form will be given to the participant while a copy will be kept.

3.16 Voluntary consent/Withdrawal:

Participation in the study is going to be voluntary, nobody will be forced or lured to participate in the study. Whether you participated in the study or could not, there will be no or any form of discrimination in treatments or assistance the facility will offer.

3.17 Compensation:

There is not going to be any form of compensation for participants used in the study except the provision of the malt drink and meat pie as form of expressing appreciation.

3.18 Protocol Amendment:

The questionnaire may be amended as and when necessary subject to recommendations and/or advice by the supervisor.

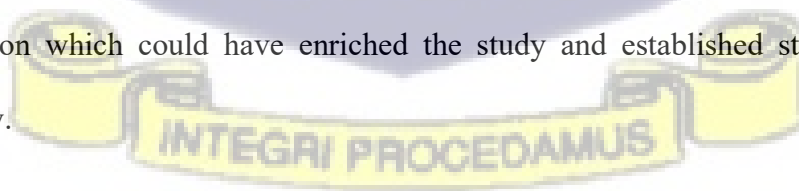
3.19 Protocol funding information:

This study is mainly going to be funded by the Principal Investigator himself.

3.20 Limitation of study

The study limitations are:

1. The primary data collection relied on a structured questionnaire, which could be subject to respondent bias and memory recall issues. Some participants may provide socially desirable responses, affecting the accuracy of the data.
2. Some formal workers were unwilling to answer the questionnaire and give out more information which could have enriched the study and established strong validity and reliability.



CHAPTER FOUR

RESULTS

4.0 Introduction

This chapter seeks to provide details on the findings of this study. The chapter will provide descriptive statistics in section 4.1, and 4.2. These sections will provide socio demographics characteristics of respondents, and descriptive statistics of these respondents. Section 4.3 will respond to the research questions.

4.1 Background characteristics of Households

Table 1 below shows the socio demographic characteristics of respondents. Females were the majority with 51.74 %, respondents within the age group of 31-45 years were also the majority with 41.29 %. Married respondents recorded the highest percentage of 45.31, whilst person that divorced recorded the lowest with 5.09 %. For religion most of these respondents were Christians with a percentage of 61.93 and most of them were educated up to the tertiary level with a percentage of 65.15. Respondents that receive an average monthly income of GHS2001-3000 were the majority with a percentage of 28.95, for relationship to the head of the household most of them were the heads of these households with a percentage of 44.50. There were a total of 1497 persons in all the households with an average of 4 person in a household, seventy-four women were pregnant and one hundred and eighty-five were lactating mothers. A percentage of 86.60 of respondents had active NHIS.

Table 1: Demographics of Households (n=373)

Item	Frequency	Percentage (%)
Gender:		
Male	180	48.26
Female	193	51.74
Total	373	100.00
Age:		
18-30years	145	38.87
31-45years	154	41.29
46-59years	64	17.16
60year & above	10	2.68
Marital status:		
Married	169	45.31
Never married	161	43.16
Divorced	19	5.09
Widowed	24	6.43
Religion:		
Christian	231	61.93
Muslim	80	21.45
Traditionalist	50	13.40
Others	12	3.22
Educational Status:		
JHS	11	2.95
SHS	119	31.90
Tertiary	243	65.15
Average monthly income:		
gh500-1000	94	25.20
gh1001-2000	102	27.35
gh2001-3000	108	28.95
gh3001 & above	69	18.50
Relationship to household head:		
Head	166	44.50
Spouse	128	34.32
Child	40	10.72
Others	39	10.46
Persons in household: Mean (SD)	1497	4.01(2.18)
Number of pregnant women in household:	74	4.94
Number of lactating mothers in household:	185	12.36
NHIS status:		
Yes	323	86.60
No	50	13.40
Total	373	100.00

4.2 Descriptive analysis

Health and Health related items

From table 2 below shows the health and health related items for willingness to pay for funeral insurance, generally respondents overall health status was good recorded the highest percentage of 38.34, whilst those who had poor health status recorded the least with 5.9 percent. Most respondents did not have any chronic illness or disability with 86.06% and those that had a chronic disease or illness recorded a percentage of 13.94, for their household members with a chronic disease or illness majority of them did not have any chronic disease of illness (76.14%) and those that had chronic disease or illness recorded a percentage of 23.86. In the past three months to this study 65.68% of respondents reported that they were never ill, and the rest responded that they got ill, for their household members 58.18% were never ill and 41.82% got ill during the period. On average 1 person was ill among these households and 52.76% of them sought treatment for their recent episode whilst the rest did not. Those that seek treatment 54.15 got treated, majority of them got treated at the traditional healer place (26.84) whilst those that got treated at the local drug store recorded the lowest percent of 10.29. Most of them chose a place for treatment because they think it was effective, the total cost of treatment was GHS 117,195.00 and a mean cost of 314.20 (660.59). Treatment cost was covered by individuals with a percentage of 45.92, and they were not satisfied with the services and cost of treatment (59.86%). Most respondents' perception about quality of care was indifferent with a percentage of 33.33 whilst those that perceive it to very high recorded the least percentage of 7.48, also majority of them felt it was not difficult in finding money for treatment with a percentage of 51.36 and the least recorded it was difficult with a percentage of 22.45. Most of these respondents recorded that they got money for treatment from drawings from their savings with a

percentage of 59.58 and those that recorded the least borrowed from someone (5.92%). For those that borrowed money a total of GHS 31,300 was borrowed with a mean cost of 745.24 (919.49). The nearest conventional health facility for treatment, majority of these respondents go to a government hospital (37.80%) whilst those that go to a private clinic were the least (9.38%). The average time spent going to these facilities is about 34 minutes and most of them use public transport (49.85%).

Table 2: Health and health related items

Item	Freq.	Percent
How would you rate your overall health status:		
Poor	22	5.9
very poor	44	11.8
Good	143	38.34
very good	98	26.27
Medium	66	17.69
Total	373	100
Respondent chronic illness or disability status		
Yes	52	13.94
No	321	86.06
Total	373	100
Household member's chronic illness or disability status		
Yes	89	23.86
No	284	76.14
Total	373	100
Respondent illness status past three months		
Yes	128	34.32
No	245	65.68
Total	373	100
member of household illness past three months		
Yes	156	41.82
No	217	58.18
Total	373	100
Number of family members that were ill		
No member	200	53.76
1 member	81	21.77
2 members	82	22.04
3 members	9	2.42
Total	372	100
Mean (SD)	0.73 (.89)	
Seek medical treatment for recent episode		

Yes	157	52.16
No	144	47.84
Total	301	100
Got treated		
Yes	163	54.15
No	138	45.85
Total	301	100
Place of treatment		
local drug vendor	28	10.29
private health facility	53	19.49
public health center	53	19.49
public hospital	65	23.9
traditional healer	73	26.84
Total	272	100
Reason for going to a place for treatment		
facility was physically accessible	32	15.84
the facility was not expensive	47	23.27
the facility was not crowded	42	20.79
the facility was effective	81	40.1
Total	202	100
Cost of Treatment		
Total (GHS)	117,195.00	
Mean (SD)	314.20 (660.59)	
Person that covered the cost of treatment		
Self	135	45.92
Family	95	32.31
government/free	7	2.38
Others	57	19.39
Total	294	100
Satisfied with services and cost		
Yes	118	40.14
No	176	59.86
Total	294	100
Perception about quality of healthcare received		
Low	41	13.95
very low	56	19.05
High	77	26.19
very high	22	7.48
Neutral	98	33.33
Total	294	100
Difficulty in finding money		
Difficult	66	22.45
Very difficult	77	26.19
Not difficult	151	51.36
Total	294	100
How did you get the money		

drawings from saving	171	59.58
borrowing from someone	17	5.92
assisted by relatives	48	16.72
did extra work	51	17.77
Total	287	100
Amount borrowed		
Total (GHS)	31,300.00	
Mean (SD)	745.24 (919.49)	
Nearest Health facility		
Chips Compound	39	10.46
Health center	119	31.90
Clinic private	35	9.38
Public hospital	141	37.80
Private hospital	39	10.46
Total	373	100.00
Time spent getting to nearest facility		
Total (mins)	11386	
Mean (SD)	33.59 (22.23)	
Type of transport to facility		
personal vehicle	38	11.41
public transport	166	49.85
Motor bike	92	27.63
Bicycle	35	10.51
Others	2	0.6
Total	333	100

NB:SD-Standard deviation, GHS-Ghana cedis

Overall, Health Status

Figure 2 depicts the overall health status of respondents, majority of them were in good health with a percentage of 38.34 %, whilst those that had poor health were the least with a percentage of 5.9%.



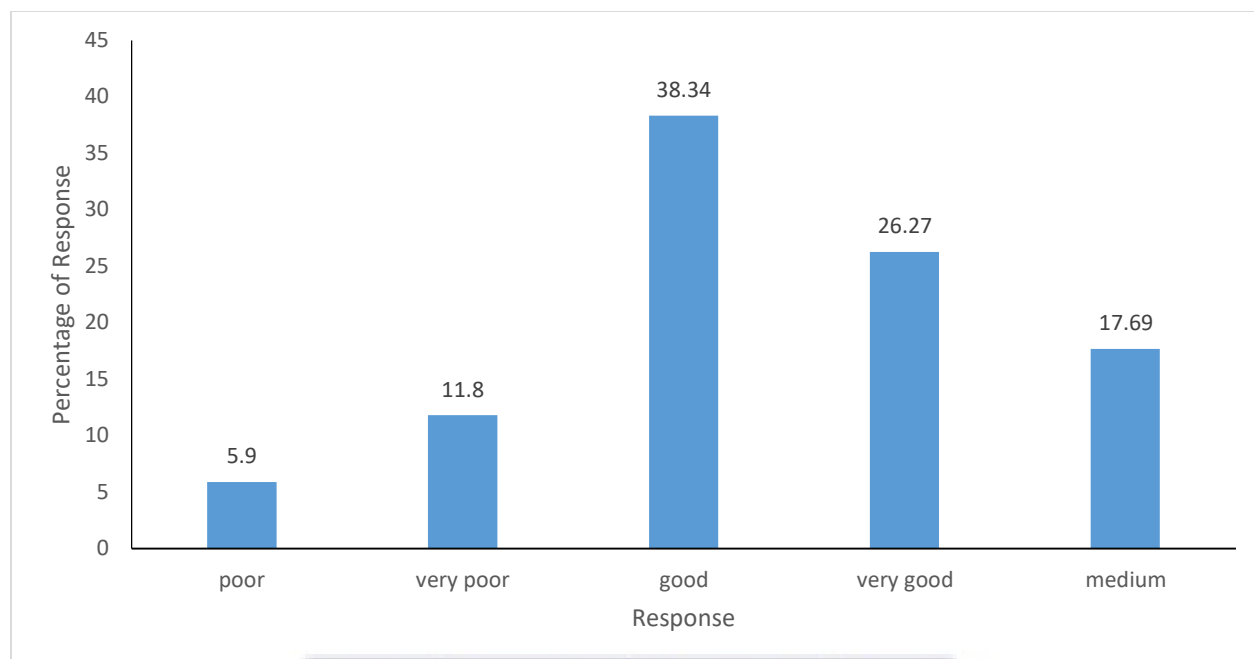


Figure 2: Overall health status of Respondents

Willingness to join funeral insurance.

Table 3 below depicts willingness to join funeral insurance items, majority of respondents representing 52.28% were willing to join a funeral insurance whilst the rest were not (47.72%).

Table 3: Willingness to join funeral insurance.

Item	Freq.	Percent
Would you be willing to join:		
Yes	195	52.28
No	178	47.72
Total	373	100

Reasons to join funeral insurance.

Form the figure below majority of these respondents were willing to join a funeral insurance because they want to help others with a percentage of 32.99 and the least reason, they wanted to join was to cover the funeral cost because of death of a household member (7.61).

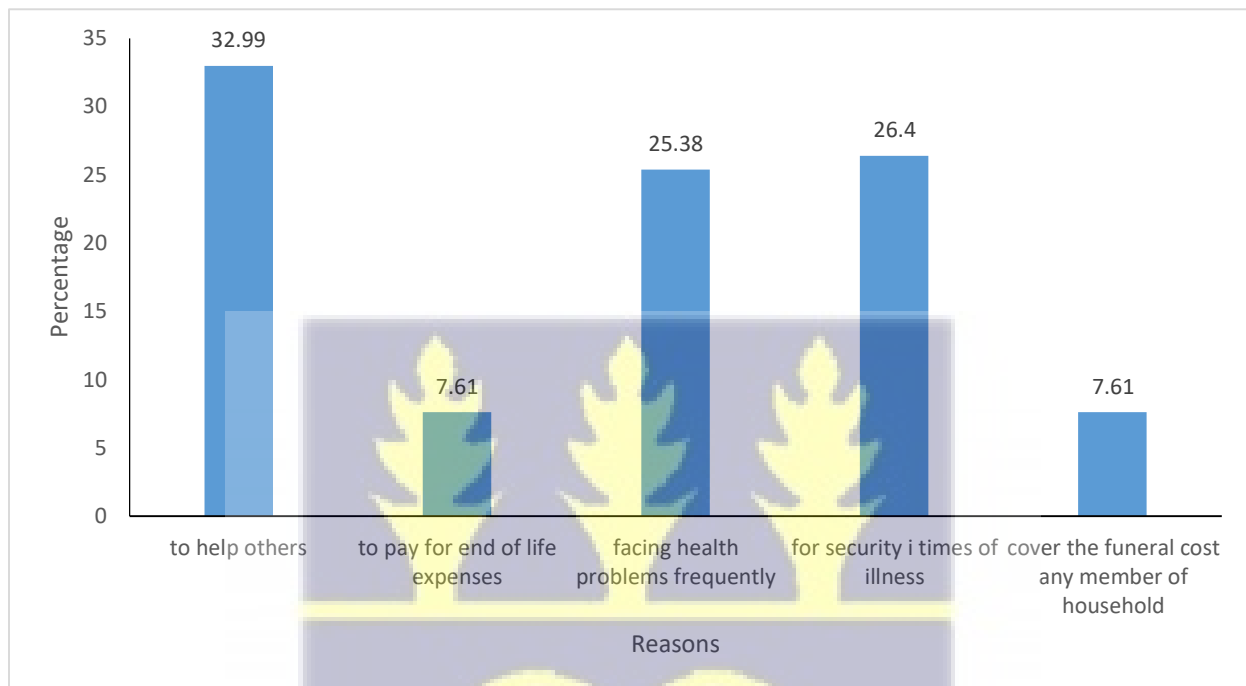


Figure 3: Reasons to join funeral insurance.

Reasons for not wanting to join funeral insurance.

Form figure 4 below shows the reason why respondents are not willing to join a funeral insurance. Lack of trust in the insurance companies recorded the highest percentage of 31.53 whilst other as a reason was the least with a percentage of 3.94.

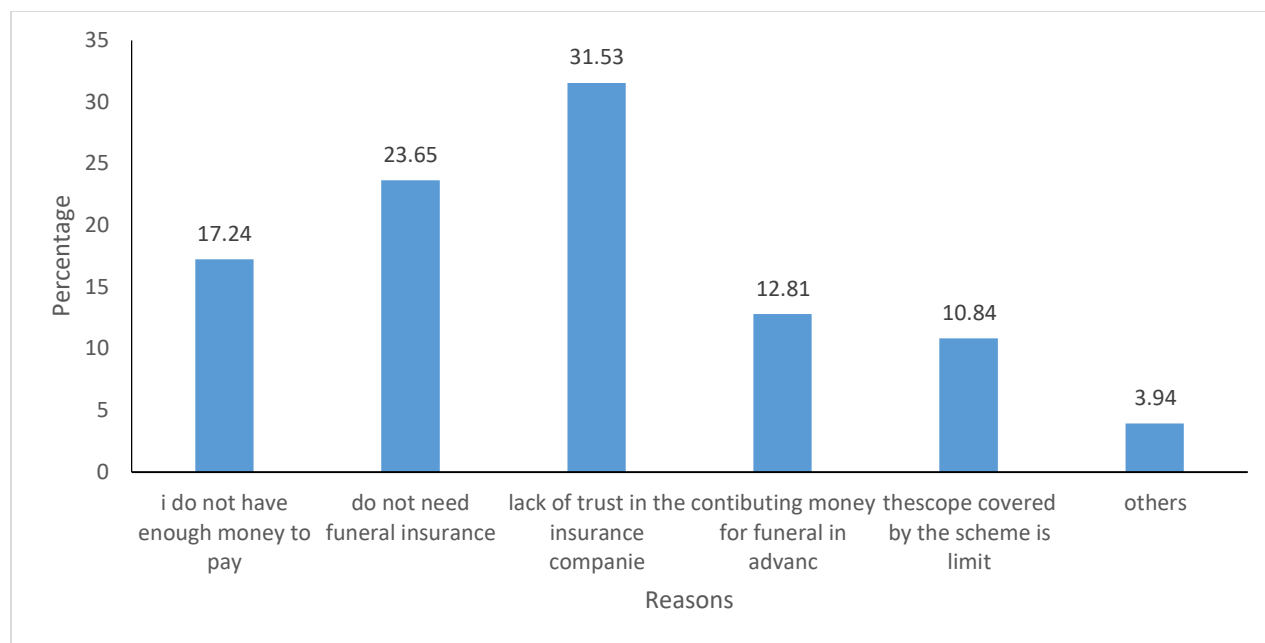


Figure 4: Reasons for not wanting to join funeral insurance.

Willingness to pay for funeral insurance.

Table 5 below depicts the willingness of respondents to pay for funeral insurance. Most of them are willing to pay premiums monthly with a percentage of 52.93 and the least want to pay yearly (5.56%). For willingness to pay a premium of GHS 100.00 most of them were not willing to pay (56.94%), for GHS 50.00 most of these respondents representing 70.37% are willing to pay and this further increased to 87.04% if the premium is GHS 20.00. Finally, 90.28% of respondents are willing to pay a premium of less than GHS 10.00. The total amount respondents are willing to pay amount to GHS 15,270.00 with a mean amount of GHS 70.69 (66.73).

Figure 5: Willingness to pay for funeral insurance.

Item	Freq.	Percent
Frequency of payment for insurance:		
Monthly	110	50.93
Quarterly	21	9.72
half year	73	33.8
Yearly	12	5.56
Total	216	100
willing to Pay GHS 100 as premium		
Yes	93	43.06
No	123	56.94
Total	216	100
willing to Pay GHS 50 as premium		
Yes	152	70.37
No	64	29.63
Total	216	100
willing to Pay GHS 20 as premium		
Yes	188	87.04
No	28	12.96
Total	216	100
Willing to pay If the premium is less than GHS 10		
Yes	195	90.28
No	21	9.72
Total	216	100
Maximum amount willing to pay		
Total (GHS)	15,270.00	
Mean (SD)	70.69 (66.73)	

Research questions 1: How much are employees in the formal sector are willing and able to pay for funeral insurance in Ghana. Table 4 below shows the willingness and ability of respondents to pay for funeral insurance, the average cost respondents are willing and able to pay for is GHS 70.69 with a minimum amount of 0 cedis and highest amount of GHS 250.00.

Table 4: Amount willing and able to pay for premium.

Item	Mean (SD)	min	max
Amount willing and able to pay for premium	70.69 (66.72)	0.00	250.00

SD= Standard deviation

Research question 2: What factors influence the use of funeral insurance services in Ghana?

Table 6 shows the logistic regression of the dependent variable (willingness to join a funeral insurance) and the independent variables. For gender there was no statistical significance between males and females' willingness to join funeral insurance, however females have 0.08 increase odds of joining a funeral insurance as compared to males. Also, there was no significant difference between each age group and the person's age group of 18-30 years. Person that has never married recorded a statistically significant with person that were married with a p-value of 0.000 at 0.01 level of significance, this implies that persons that have never been married has a 0.23 less the odds of joining a funeral insurance as compared to married persons. For the rest of the marital status there was no significant relationship between them and married persons. Muslims have 0.25 reduced odds of joining a funeral insurance as compared to Christians and this was significant with a p-value of 0.000 at 0.01 level of significance but the rest of the religious group were not statistically significant with Christianity. There was no significant relationship between JHS and SHS as well as tertiary education. Private sector employees recorded a significant relationship with public sector employees and with self-employed with p-values of 0.014 and 0.000 at 0.01 level of significance respectively. But there are 0.15 reduced odds of joining a funeral insurance for public sector employees as compared to private sector

employees, but there were 0.27 increase odds of joining a funeral insurance as compared to the private sector employees. For average monthly income persons who earn GHS 500-1000 recorded an insignificant relationship with earner of GHS 1001-2000 thus with a p-value greater than the alpha value of 0.05 but there were 0.02 reduced odds of joining a funeral insurance between GHS1001-2000 and GHS 500-1000. Earner of GHS 2001-3000 recorded a significant relationship with earners of GHS 500-1000 with a p-value of 0.05 at 5% level of significance, however there was 0.16 increase odds of joining a funeral insurance compared to GHS 500-1000. Also, earner of GHS 3001 and above there was a significant relationship between earners of GHS 500-1000 and GHS 1001-2000 with p-value of 0.000 at 0.05 level of significance, this also has 0.34 increase odds of joining a funeral insurance as compared to earners of GHS 500-1000.

Respondents that had active NHIS cards recorded a significant relationship with respondents that do not have active cards with a p-value of 0.000 at 0.01 level of significance and there was a 0.35 reduces odds of joining funeral insurance for inactive respondents as compared to those active. For persons in households there a significant relationship between households with 1-4 members and 5-9 members with a p-value of 0.02 at 0.05 level of significance, however there was 0.12 increase odds of joining a funeral insurance for household with 5-9 members compared with households with 1-4 members. But households with members 10 and above recorded an insignificant relationship with households with 1-4 members.

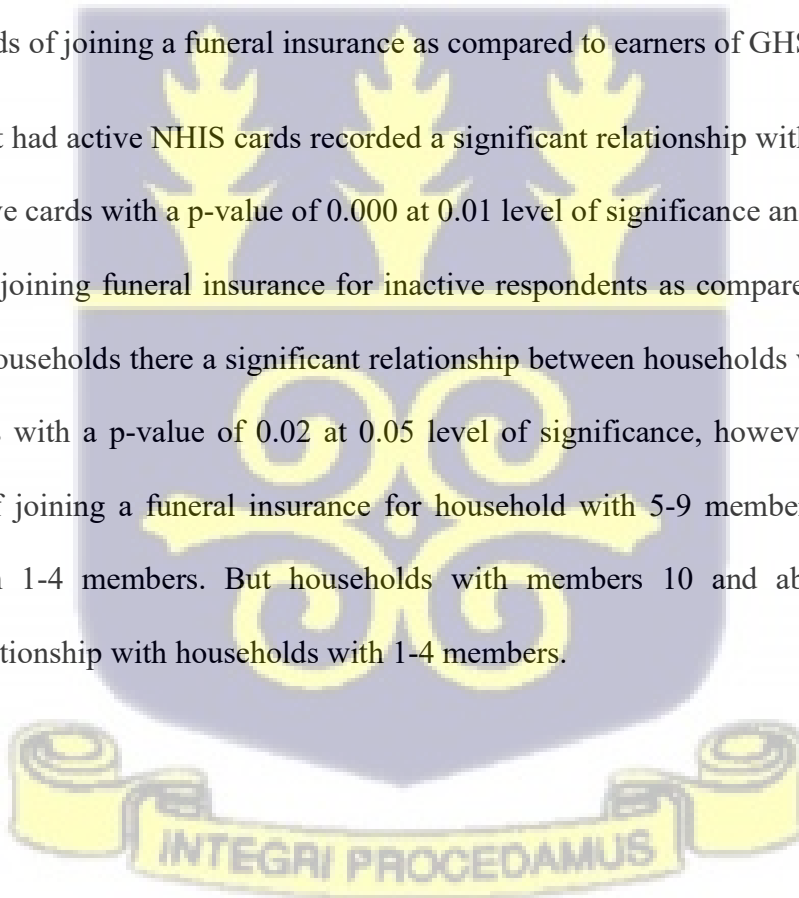


Table 5: Logistic regression between dependent and independent variables

Dependable variable	Odds Ratio (95% CI)	z	P>z
Gender			
Male	1		
Female	0.08 (-0.03-0.19)	1.46	0.146
Age			
18-30 years	1		
31-45 years	-0.02 (-0.15-0.11)	-0.23	0.816
46-59 years	0.05 (-0.17-0.26)	0.45	0.654
60 years +	.		
Marital status			
Married	1		
Never married	-0.23 (-0.35--0.10)	-3.56	0.000**
Divorced	0.21 (-0.02-0.44)	1.76	0.079
Widowed	-0.20 (-0.46-0.07)	-1.44	0.149
Religion			
Christian	1		
Muslim	-0.25 (-0.37--0.12)	-3.92	0.000**
Traditionalist	-0.05 (-0.24-0.13)	-0.58	0.562
Others	0.02 (-0.21-0.24)	0.14	0.890
Educational status			
JHS	1		
SHS	-0.14 (-0.44-0.16)	-0.92	0.358
Tertiary	-0.27 (-0.55--0.02)	-1.82	0.069
Employment status			
Private Sector	1		
Public sector employee	-0.15 (-0.27--0.03)	-2.46	0.014**
Self employed	0.27 (0.12-0.42)	3.51	0.000**
Average monthly income			
GHS 500-1000	1		
GHS 1001-2000	-0.02 (-0.17-0.13)	-0.28	0.780
GHS 2001-3000	0.16 (0.00-0.33)	1.97	0.049*
GHS 3001 & above	0.34 (0.15-0.52)	3.58	0.000**
Do you have active NHIS card			
Yes	1		
No	-0.35 (-0.49--0.22)	-5.13	0.000**
Persons in household group			
1-4 members	1		
5-9 members	0.12 (0.02-0.23)	2.37	0.018*
10 members +	0.09 (-0.21-0.39)	0.58	0.562

*, and ** denote statistical significance at 5% and 1% levels respectively, CI= Confidence Interval

Research question 3: What are the constraints that affect the ability to pay for funeral insurance in Ghana?

Figure 7 depicts the constraints that affect the ability to pay for funeral insurance in Ghana; lack of trust recorded the highest percentage point of 31.53% whilst other reasons recorded the lowest with 3.94%. Another major challenge was that the scope covered by the funeral insurance scheme are limited. The least ranked constraint was identified as contributing money in advance for a funeral is seen as taboo in some households and for that reason the respondents do not need funeral insurance.

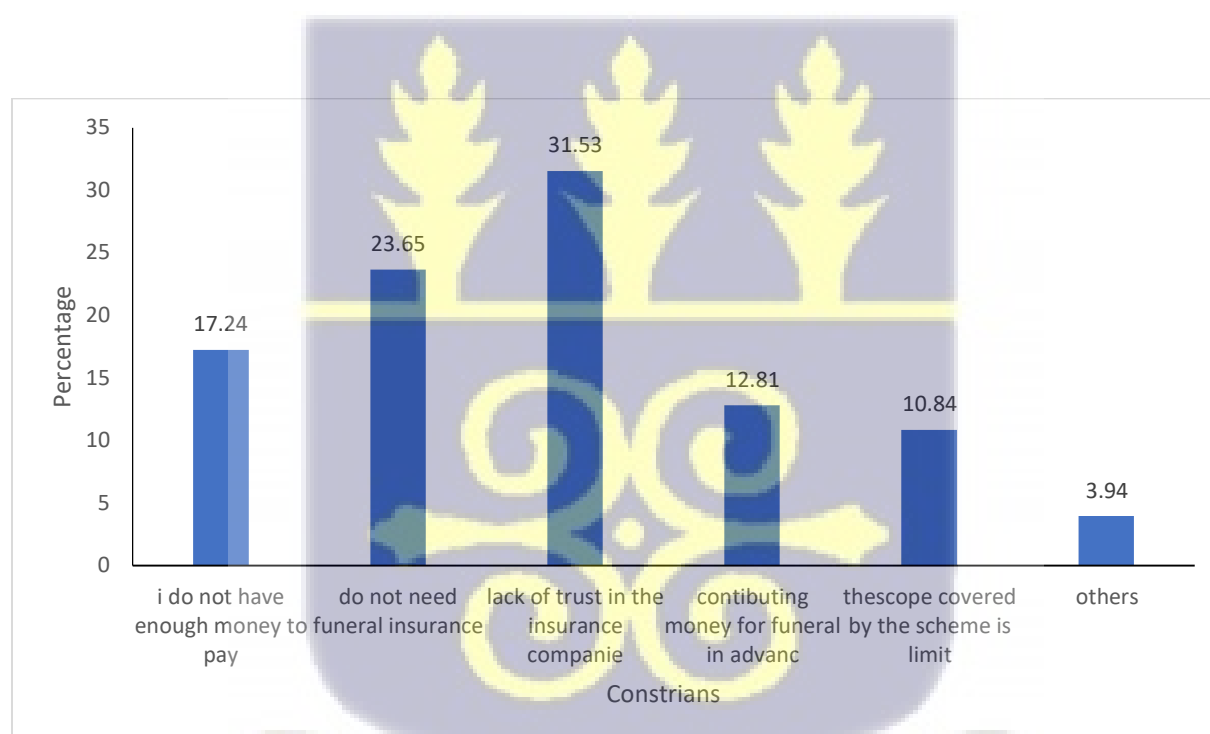


Figure 5: constraints that affect the ability to pay for funeral insurance in Ghana.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents conclusions and recommendations for the study. The conclusions are based on the major findings of the study. Recommendations have been suggested for policy implications.

5.2 Summary

The study was conducted to examine the willingness and ability to pay for funeral insurance among formal workers in Ghana. The objective of the study was to evaluate Ghanaian willingness to pay for funeral insurance in Ghana, to determine ability to pay for funeral insurance in Ghana, to examine perception of Ghanaians on funeral insurance. The study employed simple random sampling technique in selection of the sample of respondents. The study was cross sectional conducted on 378 respondents in five municipalities in Ashanti Region of Ghana. This study used a well-structured questionnaire in the collection of primary data from the targeted respondents, frequency analysis, percentages, standard deviation, tables, and chart in the analysis of the set objectives. The probit regression model was used to estimate the determinant of willingness to pay, and contingent valuation was used to elicit the willingness and ability to pay for the household head, and other members of the household using the bidding game technique.

Descriptive analysis shows that females were the majority with 51.74%, respondents within the age group of 31-45 years whereas the remaining were males with 41.29%. Married respondents recorded the highest with 45.31%, whilst persons that were divorced recorded the lowest with 5.09%. For religion most of these respondents were Christians recording 61.93% and most of them were educated up to the tertiary level with 65.15%. Respondents that receive an average monthly income of GHS 2001-3000 were the majority of 28.95%, for relationship to the head of the household most of them were the heads of these households with 44.50%. There were a total of 1497 persons in all the households with an average of 4 person in a household, seventy-four women were pregnant and one hundred and eighty-five were lactating mothers. A majority of 86.60% of respondents had active NHIS cards.

Lack of trust in the insurance companies recorded the highest of 31.53% as the reason respondents were not willing to join the funeral insurance scheme.

Analysis of data of the study showed that Muslims recorded 0.25 reduced odds of joining a funeral insurance as compared to Christians and this was significant with a p-value of 0.000 at 0.01 level of significance but the rest of the religious groups were not statistically significant.

Respondents that had active NHIS cards recorded a significant relationship with respondents that do not have active cards with a p-value of 0.000 at 0.01 level of significance and there was a 0.14 reduces odds of joining funeral insurance for inactive respondents as compared to those active. For number of persons in a household there a significant relationship between households with 1-4 members and 5-9 members with a p-value of 0.02 at 0.05 level of significance, however, there was 2.03 increase in odds of joining a funeral insurance for households with 5-9 members compared with households with 1-4 members. But households with members 10 and above

recorded an insignificant relationship with households with 1-4 members but also recorded 1.64 increase odds of joining a funeral insurance.

The study revealed that the first most significant constraint face by the respondent's willingness and ability to pay for the funeral insurance was lack of trust in the insurance companies, another major challenge was that the scope covered by the funeral insurance scheme are limited. The least ranked constraint was identified as contributing money in advance for a funeral is seen as taboo in some households and for that reason the respondents do not need funeral insurance.

5.3 Conclusion

The specific objectives of the study were to evaluate Ghanaian willingness to pay for funeral insurance, to determine ability to pay for funeral insurance in Ghana and to examine the perception of Ghanaians on funeral insurance.

Most of the participants had a strong understanding of funeral insurance but also a negative attitude about it. The size of the willingness to pay for funeral insurance among government employees was found to be minimal in this study. The scheme's willingness was influenced by gender status of respondent, age, perception, net household income, perceived health status, educational status, respondent religion, marital status, and employment status.

Most respondents were willing to join funeral insurance and would pay an average amount of GHS 70.69, and most responded that their reason for joining funeral insurance is because they want to help their relatives.

The unwillingness of individuals not to join and pay for funeral insurance policy was ascribed to factors such as mistrust and negative perception of funeral insurance, limited income, the scope covered by the funeral insurance being limited, among others.

5.4 Recommendation

The study's findings have significant ramifications. First, household are willing to pay a price of 70 Ghana cedis per month as premium for funeral insurance benefits. This provides policymakers with crucial information; they should amend the present premium and establish a new premium to reflect the mount of 70 Ghana cedis in which the household are willing to pay as a monthly premium for the insurance depending on the policy benefits.

Funeral insurance companies should design their policies according to the income of individuals and the average cost should be around 70 Ghana cedis or less per month for formal workers

Moreover, insurers should embark on rigorous communication education and dissemination of the need for their policies and the scheme benefits, especially in the rural areas. Furthermore, while deciding the amount of the premium, it is essential to consider the variations in willingness to pay for funeral insurance plans that exist across distinct groups. Lastly, researchers should adopt a robust prospective study design to address the equity and sustainability issues surrounding insurance policies by accounting for home income and family size.



REFERENCES

- Ackah, C., Owusu, A. (2012). Assessing the Knowledge of and attitude towards insurance in Ghana, International Research Conference on Microinsurance, Twente.
- Agbekpornu, H., Yeboah, D., Quatey, S., Williams, R., Yeboah, R., & Issah, F. (2016). Determinants of Participation in Life Insurance Scheme by Artisanal Fishermen: A Case of Ghana. *Journal of Scientific Research and Reports*, 1-11.
- Aduloju, S.A., Odugbesan, A.O., Oke, S.A. (2009). The effects of advertising media on sales of insurance products: A developing country case. *The Journal of Risk Finance*, 10(3), 210-227.
- Akotey, O.J., Osei, K.A., Gemegah, A. (2011). The demand for micro insurance in Ghana. *The Journal of Risk Finance*, 12(3), 182-194.
- Akturk, E. (2005a). Türkiye ekonomisinde kayıtdışı ekonominin büyüklüğü ve etkileri. *EKEV Akademi Dergisi*, 9(22), 291-304.
- Akturk, E. (2005b), Türkiye’de kayıtdışı ekonomi: Sebepleri ve çözüm önerileri. *EKEV Akademi Dergisi*, 9(23), 285-300.
- Alhassan, A. L., & Biekpe, N. (2016). Determinants of life insurance consumption in Africa. *Research in International Business and Finance*, 37, 17–27.
- Amartey, V. E. (2007). Principles of life insurance. Combent impressions, Accra
- Armed, A. (2013). Perception of life insurance in rural India. Kuwait chapter of Arabian of Businnes and Managent Review, Vol 2, No. 6, pp 17-24.
- Arrow, K. Solow, R. Portney, P.R. Leamer, E.E. Radner, R. Schuman, H. (1993). Report of the NOAA Panel on Contingent Valuation. Federal Register, 58(10), 4601 14, Washington DC.
- Berg, E. (2018). “Funeral Insurance: An Inter-Generational Commitment Device?” *Journal of African Economies*, 27 (2018), 321–346.

- Beck, T., & Webb, I. (2003). Economic, demographic, and institutional determinants of life insurance consumption. *The World Bank Economic Review*, 17, 51–88.
- Beenstock, M., Dickinson, G., & Khajuria, S. (1986). The determination of life premiums: An international cross-section analysis, 1970-1981. *Insurance: Mathematics and Economics*, 5, 261–270.
- Bentham, J. (2018). An introduction to the principles of morals and legislation. In *Princeton University Press eBooks* (pp. 365–368). <https://doi.org/10.2307/j.ctv19fvzzk.34>
- Brown, C. (2018). Financial Pressures and Funeral Expenses. *Economic Challenges and Solutions*, 10(4), 55-70.
- Browne, M. J., & Kim, K. (1993). An international analysis of life insurance demand. *Journal of Risk and Insurance*, 60, 616–634.
- Business Dictionary. (n.d.). Utility Theory.
- Cai, Y., Y. Chen, H. Fang, & Zhou L.-A. (2009). Microinsurance, trust and economic development: Evidence from a randomized natural field experiment, PIER Working Paper 09-034. Philadelphia: *Penn Institute for Economic Research*.
- Campbell, R. A. (1980). The Demand for Life Insurance: An Application of the Economics of Uncertainty. *Journal of Finance* 35(5): 1155–1172.
- Carter, S. T. (2000). Estimating Claim Costs for Life Benefits. In *Group Insurance*, 3rd ed., edited by W. F. Bluhm, pp. 399–425, Winsted, CT: ACTEX Publications.
- Case, A., and Menendez, A. (2009). Requiescat in Pace? The Consequences of High-Priced Funerals in South Africa. NBER Working Paper Series Working Paper No. 14998, May 2009.
- Charumathi, B. (2012). On the Determinants of Profitability of Indian life insurers—an Empirical Study. In *Proceedings of the World Congress on Engineering* (Vol. 1, No. 2, pp. 4-6). London.
- Chiappori, P. A., and Salanie, B. (2000). Testing for Asymmetric Information in Insurance Markets. *Journal of Political Economy* 108: 56–78.

- Choi, B. P., Park, J., & Ho, C. L. (2016). Liquidity transformation: an examination of US life insurers. *Managerial Finance*, 42(7), 618-634.
- Chowdhury, T. A., Rahman, M. I., & Afza, S. R. (2007). Perceptions of the customers towards insurance companies in Bangladesh-A study based on the survqual model.
- Churchill, C. F. (2007). Insuring the Low-Income Market: Challenges and Solutions for Commercial Insurers. *Geneva Papers* 32: 401–412.
- Churchill, C. F., Liber, D., McCord, M. J., and J. Roth. (2003). Making Insurance Work for Microfinance Institutions: A Technical Guide to Developing and Delivering Microinsurance. Geneva: International Labour Organization.
- Cohen, A., and Siegelma, P. (2010). Testing for Adverse Selection in Insurance Markets. *Journal of Risk and Insurance* 77(1): 39–84.
- Cohen, M., & Sebstad, J. (2005). Reducing vulnerability: The demand for microinsurance. *Journal of International Development*, 17(3), 397-474.
- Cohen, S. B. (2014). Attitudes toward Health Insurance and Their Persistence over Time, Adults, 2001–2011. Agency for Healthcare Research and Quality, Statistical
- Colin M. Ramsay & Luis David Arcila (2013) Pricing Funeral (Burial) Insurance in a Microinsurance World with Emphasis on Africa, *North American Actuarial Journal*, 17:1, 63-81,
DOI: 10.1080/10920277.2013.774592.
- Collins, D. L., and M. Leibbrandt. (2007). The Financial Impact of HIV/AIDS on Poor Households in South Africa. *AIDS* 21(Suppl. 7): S75–S81.
- Combined Pensioners & Superannuants Association (CPSA). (2011). The \$140,000 Funeral: Pitfalls of Funeral Insurance. Surry Hills NSW, Australia, Combined Pensioners & Superannuants Association, March. Available at
<http://www.cpsa.org.au/index.php?option=comcontent&view=article&id=336:the-140000-funeral-the-pitfalls-of-funeral-insurance-&catid=23:funerals&Itemid=54>.

Consumer Financial Protection Bureau (CFPB). (n.d.). What is Funeral Insurance? Retrieved from

<https://www.consumerfinance.gov/ask-cfpb/what-is-funeral-insurance-en-214/>

How can I tell who owns my mortgage? | Consumer Financial Protection Bureau. (2020, September 9). Consumer Financial Protection Bureau.

<https://www.consumerfinance.gov/ask-cfpb/what-is-funeral-insurance-en-214/>

Cropper, M. L., and Sussman, F. G. (1988). Families and the Economics of Risks to Life. *American Economic Review* 78(1): 255–260.

Dercon, S., J., Hoddinott, Krishnan, P., and Woldehanna, T. (2007). Collective Action and Vulnerability: Burial Societies in Rural Ethiopia. Global Poverty Research Group. Available at

<http://www.gprg.org/pubs/workingpapers/pdfs/gprg-wps-076.pdf>.

Dercon, S., De Weerd, J., Bold, T., and Pankhurst, A. (2006). Group-Based Funeral Insurance in Ethiopia and Tanzania. *World Development* 34(4): 685–703.

De Witte, M. (2003). Money and Death: Funeral Business in Asante, Ghana. *Africa: Journal of the International African Institute* 73(4): 531–559.

DGRV South Africa. (2003). Burial Societies in South Africa: History, Function and Scope. DGRV SA Working Paper Series No. 2, September.

Dickson, D. C. M., Hardy, M. R., and Waters, H. R. (2009). Actuarial Mathematics for Life Contingent Risks. Cambridge: Cambridge University Press.

Donaldson, C., Thomas, R., & Torgerson, D. J. (1997). Validity of Open-ended and Payment Scale Approaches to Eliciting Willingness to Pay. *Applied Economics*, 29(1), 79-85.

Enarsson, S., Wiren, K., & Almeyda, G. (2006). Savings- and Credit-Linked Insurance. In C. Churchill (Ed.), *Protecting the Poor: A Microinsurance Compendium* (pp. 111–129). Geneva: International Labour Organization.

Gadahn, A. (2010). The history of insurance. [Online] Available:

http://righttruth.typepad.com/right_truth/2010/03_history-of-insurance.html. (August 20, 2012)

Gerber, H. U., and Pafumi, G. (1998). Utility Functions: From Risk Theory to Finance. *North American Actuarial Journal* 2(3): 74–91.

Giesbert, L., Steiner S., & Bendig M. (2011). Participation in micro life insurance and the use of other financial services in Ghana. *The Journal of Risk and Insurance*, 78(1): 7-35.

Gine, X., Townsend R.M., & Vickery, J. (2008). Patterns of rainfall insurance participation in rural India. *World Bank Economic Review*, 22(3): 539-566.

Goda, G. S., and Ramsay, C. M. (2007). Determining the Optimum Guarantee Period for a One-Life Retirement Annuity Using Utility Theory. *North American Actuarial Journal* 11(3): 100–112.

Goldberg, M., & Ramanathan, C. S. (2008). Microinsurance Matters in Latin America. *En Breve* 138 (December 2008), 1–4. Retrieved from

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/0,,contentMDK:22442229~pagePK:146736~piPK:146830~theSitePK:258554,00.html>.

Guha-Khasnobis, B., Ahuja, R. (2004), Extending formal insurance to the informal economy workers in India, Parallel Session 3.2, EGDI and UNU-WIDER.

Haberman, S., & Pitacco, E. (1999). *Actuarial Models for Disability Insurance*. Boca Raton, FL: Chapman & Hall.

Hall, R. E. (1978). Stochastic Implications of the Life Cycle-Permanent Income Hypothesis. *Journal of Political Economy*, 86(6), 971–987.

Harper, P. S. (1997). Genetic Testing, Life Insurance, and Adverse Selection. *Philosophical Transactions: Biological Sciences*, 352(1357), 1063–1066.

Hoogeveen, J., Tesliuc, E., Vakis, R., & Dercon, S. (2005). A Guide to the Analysis of Risk, Vulnerability, and Vulnerable Groups. Mimeo. Social Protection Unit, Washington, DC: World Bank. Available at [provide the URL if available].

<http://siteresources.worldbank.org/INTSRM/Publications/20316319/RVA.pdf>

Ibok, N. I., (2006), Determinants of Insurance Consumption in the South Zone, Nigeria. (Unpublished Doctoral Thesis). University of Calabar, Nigeria.

Investopedia. (2021). Funeral Insurance. Retrieved from

<https://www.investopedia.com/terms/f/funeral-insurance.asp>

Latimer, P. (2023). Funeral Insurance - A New Life after the Hayne Royal Commission. SSRN Electronic Journal. <https://doi.org/10.2139/ssrn.4356162>

In-Text Citation: (Latimer, 2023)

Insurance Information Institute (III). (n.d.). What is burial insurance? Retrieved from

<https://www.iii.org/article/what-burial-insurance>

Johnson, R. (2012). A History of the Concepts of Quality and Utility.

Jones, B. (2015). Social Status and Funeral Rituals: A Comparative Analysis. *Societal Dynamics Quarterly*, 42(2), 201-218.

Jones, A. (1999). *Utility and the Theory of Consumer Behavior*. Oxford University Press.

Juetting, J., (2003). Health Insurance for the Poor: Determinants of Participation in Community Based Health Insurance Schemes in Rural Senegal. Centre for Development Research. University of Bonn.

Kiplagat, K., et al. (2019). Consumer Preferences in the Kenyan Life Assurance Industry. *International Journal of Scientific and Research Publications*, 9(4), 1-10.

Kirigia, J.M., Lin, T., and Greane, W.H. (2005), Determinants of health insurance ownership among South African women. *BMC Health Services Research*, 5(17), 1-10.

- Lin, Y., & Grace, M. F. (2007). Household Life Cycle Protection: Life Insurance Holdings, Financial Vulnerability, and Portfolio Implications. *Journal of Risk and Insurance*, 74(1), 141–173.
- Loewe, M. (2006). Downscaling, Upgrading, or Linking? Ways to Realize Micro-Insurance. *International Social Security Review*, 59(2), 37–59.
- Liu, T., Chen, C. (2002), An analysis of private health insurance purchasing decision with national health insurance in Taiwan. *Social Science and Medicine Journal*, 55, 755-774.
- Maleika, M., and Kuriakose, A. T. (2008). Microinsurance: Extending Pro-Poor Risk Management through the Social Fund Platform. *The World Bank* 5(2): 1–8.
- Manje, L., & Churchill, C. (2002). The demand for risk-managing financial services in low-income communities: evidence from Zambia. ILO InFocus Programme on Boosting Employment through Small Enterprise Development Working Paper, 31.
- Mauer, L., and Holden, N. (2007). Determinants of the Lapse Rate in Life Insurance Operating Companies. *Review of Business* 28(1): 54–64.
- Mazzucato, V., M. Kabki, and L. Smith. (2006). Transnational Migration and the Economy of Funerals: Changing Practices in Ghana. *Development and Change* 37(5): 1047–1072.
- McCord, M. J. (2006). The Partner-Agent Model: Challenges and Opportunities. In *Protecting the Poor: A Microinsurance Compendium*, edited by Craig F. Churchill, pp. 357–377. Geneva: International Labour Organization.
- McCord, M. J. (2007). Life Insurance for the Low-Income Market. USAID Microinsurance Note 7. September 2007. Available at “mN 7 Life Insurance.pdf” at: <http://www.microlinks.org/ev02.php?ID=18830201&ID2=D0TOPIC>.
- McCord, M. J., & Osinde, S. (2005). Reducing vulnerability: The supply of health microinsurance in East Africa. *Journal of International Development*, 17(3), 327-381.
- Miller, D. (2022). Support Organizations for Funerals and Burials. *Community Assistance Review*, 15(1), 120-135.

National Association of Insurance Commissioners (NAIC). (n.d.). Funeral Insurance. Retrieved from

https://www.naic.org/documents/consumer_alert_funeral_insurance.htm

Berg, E. (2017, November 22). Funeral Insurance: An Inter-Generational Commitment Device? *Journal of African Economies*, 27(3), 321–346. <https://doi.org/10.1093/jae/ejx037>

Ngwenya, B. N. (2003). Redefining Kin and Family Social Relations: Burial Societies and Emergency Relief in Botswana. *Journal of Social Development in Africa* 18(1): 85–110.

Patel, S. (2002). Insurance and Poverty Alleviation. Available at

<http://www.ocdc.coop/Sector/Insurance/InsuranceAndPoverty.pdf>.

Kumar, S. (2021). “Insurance Risk” in Life Insurance Sector. SSRN Electronic Journal. <https://doi.org/10.2139/ssrn.3930802>

In-Text Citation: (Kumar, 2021)

Roth, T.P. (1979). On the predictive power of the new approach to consumer theory. *Atlantic Economic Journal* 7(2), July: pp. 16–25.

Russell, S. (1996). Ability To Pay for Health Care: Concepts and Evidence. *Health Policy and Planning* 11(3): 219–237.

Saaty, S.A. (2011). Assessing the satisfaction of insurance customers and its impact with reference to Saudi Arabia. *Interdisciplinary Journal of Contemporary Research in Business*, 2(12), 290

Savage, E., and Wright, D. (1999). Health Insurance and Health Care Utilization: Theory and Evidence from Australia. Monograph. University of Sydney, Sydney.

Senbil, M., and Kitamura, R. (2004). Willingness-To-Pay for Expressways. International Conference Experiments in Economic Science: New Approach to Solving Real world Problems 2004, 14–17 December, Okayama, and Tokyo.

- Siegel, P., Alwang, J., Canagarajah, S. (2001), Viewing Micro-insurance as a Risk Management Tool, Social Protection Discussion Paper No. 115. Washington, DC: The World Bank.
- Simona, L.D. (2014). Life and non-life insurance demand: the different effects of influence factors in emerging countries from Europe and Asia, *Economic Research- Ekonomska Istraživanja*, 27:1, 169-180,
DOI: 10.1080/1331677X.2014.952112
- Smith, M. (2008). Utility Theory. In S. Durlauf & L. Blume (Eds.), *The New Palgrave Dictionary of Economics*. Palgrave Macmillan.
- Smith, A. (2000). Traditions and Customs in Honoring the Deceased. *Journal of Cultural Practices*, 25(3), 145-160.
- Steiner, G.L., Mirko, S.B. (2011). Participation in micro life insurance and the use of other financial services in Ghana. *Journal of Risk and Insurance*, 78(1), 7.
- Stiglitz, J. E. (2000). Capital market liberalization, economic growth, and instability. *World development*, 28(6), 1075-1086.
- Truett, D. B., and Truett, L. J. (1990). The Demand for Life Insurance in Mexico and the United States: A Comparative Study, *Journal of Risk, and Insurance*, 57: 321-328.
- Trujillo, A.J. (2003). Medical care use and selection in social health insurance with an equalization fund: Evidence from Columbia. *Health Economics*, 12(3), 231-246.
- von Neumann, J., & Morgenstern, O. (1944). *Theory of Games and Economic Behavior*. Princeton University Press.
- Walton, D., Thomas, J.A. and Cenek, P.D. (2004). Self and Others' Willingness to Pay for Improvements to The Paved Road Surface. *Transportation Research Part A* 38: 483–494.
- Whitehead, J.C. (2005). Combining Willingness to Pay and Behavior Data with Limited Information. *Resource and Energy Economics* 27: 143–155.
- Williams, R. (2017). Multi-attribute Utility Theory. In A. Badran (Ed.), *Multiple Criteria Decision Analysis*. Springer.

- Williams, E. (2010). Burial Societies: Historical Evolution and Social Impact. *Working-Class Studies Journal*, 8(3), 89-104.
- Wiedmaier-Pfister, M. & McCord, M. J. (2009). Feasibility Study on Support to the Microinsurance Sector in Ghana with a Financial Systems Approach. Unpublished. Accra, Ghana: National Insurance Commission, Ghana.
- Zhang, C., Hu, X., & Zhu, N. L. (2009). Analysing efficiency in the Chinese Life Insurance industry. *Management Research News*, 32(10), 905-920.
- Zietz, E. N. (2003). An examination of the demand for life insurance. *Risk Management and Insurance Review*, 6, 159–191.



APPENDICES

Appendix 1: Sample Inform Consent Forms

CONSENT FORM

**STUDY TITLE: WILLINGNESS AND ABILITY TO PAY FOR FUNERAL INSURANCE
AMONG FORMAL WORKERS IN GHANA.**

PARTICIPANTS' STATEMENT

I acknowledge that I have read or have had the purpose and contents of the Participants' Information Sheet read and all questions satisfactorily explained to me in a language I understand (*.....name of language*). I fully understand the contents and any potential implications as well as my right to change my mind (i.e., withdraw from the research) even after I have signed this form.

I voluntarily agree to be part of this research.

Name of Participant.....

Participants' SignatureOR Thumb Print.....

Date:.....

INTERPRETERS' STATEMENT

I interpreted the purpose and contents of the Participants' Information Sheet to the afore named participant to the best of my ability in the (*.....name of language*) language to his proper understanding.

All questions, appropriate clarifications sort by the participant and answers were also duly interpreted to his/her satisfaction.

Name of Interpreter.....

Signature of Interpreter..... OR Thumb Print

Date:.....

Contact Details.....

STATEMENT OF WITNESS

I was present when the purpose and contents of the Participant Information Sheet was read and explained satisfactorily to the participant in the language, he/she understood (*English, and Twi*)

I confirm that he/she was given the opportunity to ask questions/seek clarifications and same were duly answered to his/her satisfaction before voluntarily agreeing to be part of the research.

Name:.....

Signature..... OR Thumb Print

Date:.....

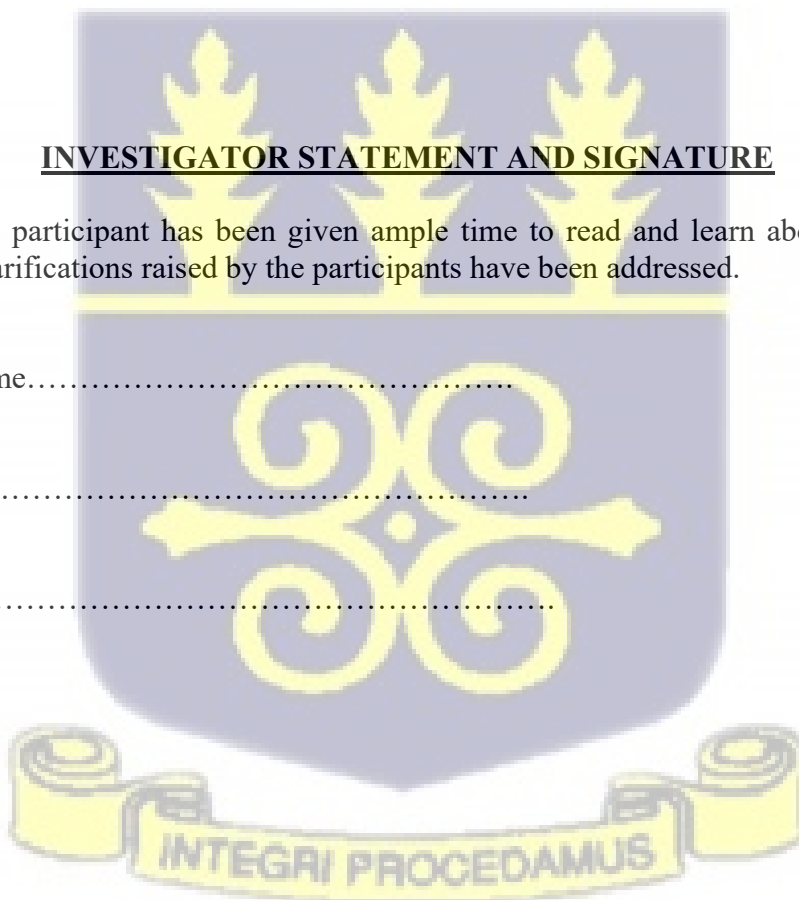
INVESTIGATOR STATEMENT AND SIGNATURE

I certify that the participant has been given ample time to read and learn about the study. All questions and clarifications raised by the participants have been addressed.

Researcher's name.....

Signature

Date.....



Appendix 2: Sample Questionnaire

UNIVERSITY OF GHANA
FACULTY: SCHOOL OF PUBLIC HEALTH
DEPARTMENT: HEALTH POLICY, PLANNING, AND MANAGEMENT
QUESTIONNAIRE

My name is Michael Gilles Glago. I am conducting a survey on “Willingness and Ability to pay for funeral insurance among formal workers in Ghana” I will be thankful if you fill out the Questionnaire. The information you will provide will be kept confidential and only be used to complete the research study. Data gathered will be presented and aggregated and no individual respondent or organization will be identified. Do bear in mind that your honest answers to these questions will help us better understand the situation and contribute to policy formulation. Participation is voluntary.

A. (SOCIO-DEMOGRAPHIC CHARACTERISTICS)

Organization name.....

1. Respondent gender Male ☒ Female ☒
2. Age of Respondent 18-30 ☒ 31-45 ☒ 46-50 ☒ 51-59 ☒ 60 and above ☒
3. Respondent Marital status. Married ☒ Never Married ☒ divorced ☒ widowed ☒
4. Religion of the Respondent Christian ☒ Muslim ☒ Traditionalist ☒ others ☒
5. Education status of the Respondent. Primary ☒ JHS ☒ SHS ☒ tertiary ☒ Non formal education ☒
6. Employment Status: Unemployed [] Private Sector Employee [] Public Sector Employee [] Self-Employed []

B. INCOME AND HOUSEHOLD QUESTIONS

7. Approximately how much income does your work gives you? GhC 500-1,000 ☒ GhC 1,100- 2000 ☒ GhC 2,100-3000 ☒ GhC 3,100 and above ☒
8. Relation of the respondent to the household (HH)? Head ☒ spouse ☒ child ☒ others ☒
9. How many people live in this household (Eating from the same pot)

10. How many pregnant and lactating women are there in the household? Pregnant ☒ lactating ☒

11. Do you have an active NHIS card (verify card validity) YES ☒ NO ☐

12. Have they ever complained over the Payment of accessing services with an NHIS card or buying of medicine? YES ☒ NO ☐

C. HEALTH AND HEALTH-RELATED QUESTIONS

13. How do you rate the health status of your family? Poor ☐ very poor ☐ good ☒ very good ☐
medium ☐

14. Do you (respondent) have a chronic illness or disability? YES ☐ NO ☒

15. Does any member in your household have a chronic illness or disability? YES ☐ NO ☒

16. Have you (respondent) encountered any illness during the past three months? YES ☐ NO ☒

17. Have any member of your family encountered any illness during the past three months?
YES ☐ NO ☒

18. How many of the members were ill?.....(please state the number)

19. Did you seek medical treatment for the recent episode? YES ☐ NO ☒

20. Did you get treatment? YES ☐ NO ☒ (if yes skip question 22)

21. Where did you get the treatment? Local drug vendor ☐ private health facility ☐ public health center ☒ public hospital ☐ traditional healer ☐ others (specify).....

22. Why did you go there? The health facility was physically accessible ☒ the health facility was not expensive ☐ the health facility was not too crowded ☐ the health service was effective ☐ other (specify).....

23. Why did you not get treatment? Consider the illness is self-limiting ☐ not enough money ☐
did not know anywhere to go ☐ did not have time to go to the health facility ☐ too far to go
the health facility ☐ other (specify)..... unknown ☐
24. What was the total healthcare cost of the household for the treatment during the last 3-
months? Amount GhC.....
25. Who covered the cost? Self ☐ family ☐ government/free ☐ community ☐ others ☐
26. Were you satisfied with the healthcare service and cost? YES ☐ NO ☐
27. How did you perceive the quality of healthcare service in this area? Low ☐ very low ☐ high ☐
very high ☐ neutral ☐
28. How did you see finding money to pay for healthcare? Difficult ☐ very difficult ☐ not
difficult ☐
29. If paying for medical expenses was difficult, how did you get it? Drawing from savings ☐
borrowing from someone ☐ assisted by relatives ☐ did extra work ☐ other (specify)
30. Did you borrow any money from relatives or other people to cover the medical cost
within the last year? YES ☐ NO ☐
30. How much did you borrow? Amount GhC..... (If no skip)
31. What is the nearest conventional health to your home?
.....
32. How long does it take to reach a nearby facility from your home? Time in
minutes.....

33. What form of transportation did you use to reach to the location where you obtained the treatment? Personal vehicle ☒ public transport ☒ motorbike ☒ bicycle ☒ others (specify).....

D. WILLINGNESS TO JOIN FUNERAL INSURANCE QUESTIONS

34. Based on the scenario above will you be willing to join funeral insurance scheme? YES ☒ NO ☐
(if no skip question 35)

35. If yes, why will you join the scheme? To help others ☒ to pay for end of life expenses ☒ facing health problems frequently ☒ for security and peace in times of illness ☒ to cover the funeral cost of any member of my household ☒

36. Why will you not join the funeral insurance Scheme? I do not have enough money to pay ☒ do not need funeral insurance ☒ lack of trust in the insurance companies ☒ contributing money for funeral in advance is a taboo ☒ the scope covered by the scheme is limited ☒ others (specify).....

E. WILLINGNESS TO PAY FOR FUNERAL INSURANCE

37. Now that you have agreed to join the scheme how frequently would you prefer to pay? Month ☒ Quarter ☒ half- year ☒ year ☒ others (specify).....

38. Assuming you are to pay GhC 100 per month per head as a premium for funeral insurance scheme would you be willing to pay? YES ☒ NO ☐

39. If the premium is set at GhC50 per month per head for the funeral insurance scheme would you be willing to pay? YES ☒ NO ☐

40. If the premium is set at GhC20 per month per head would you be willing to pay? YES ☒ NO ☐

41. What if the premium of the funeral insurance scheme is set below GhC 10 per month per head would you be willing to pay? YES ☒ NO ☐

42. What is the maximum amount would you be willing to pay per month per head based on your choice mode of payment? Amount GH ₵.....

Thank You

