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Insurance Awareness and Patronage in Onitsha Metropolis of Anambra State

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Abstract
The study investigated insurance awareness and patronage in Onitsha metropolis of Anambra State. The specific objectives were to examine Nigerians awareness and perception towards the insurance institution, to determine the factors that affect insurance patronage and also to determine the degree of customers' confidence in insurance business. The study employed survey research design, structured questionnaires were used to collect data from a sample 300 respondents drawn from the population using stratified sampling techniques. Data were analyzed with the aids of tables, simple percentage, mean and Chi-Square. The result of the study indicated that people are aware and have knowledge of insurance industry but chose not to patronize due to lack of trust and confidence in insurance institutions. It also revealed that there is poor settlement claims and there is no significant advertisement, enlightenment and promotions. The study therefore recommended that insurance authority should engage people of integrity in the business and discipline any staff that perpetrates or engages in unscrupulous transactions. Advertisement, enlightenment, and promotions should be carried out on regular a regular interval to attract new customers and create interest in old customers.

Keywords: insured, insurer, patronage, premium, Awareness, patronage, perception

Introduction

The core function of insurance is the transfer of risk with the aim of reducing financial uncertainty and making a potential future loss more manageable. The concept of insurance is not a new phenomenon to the inhabitants of Onitsha metropolis. This is because of the nature of the popular practice of trade unions, associations and age grade that joined together to help and assist one another incase of any eventuality. For instance, an individual or group of in the community may suffer loss either through theft, flood disasters, accident or fire outbreak that destroy company, death or any form of loss. The immediate business associates, friends, union come to sympthatize and support with the victim by a way of gifts and personal donations in order to reduce the suffering. This action could be described as a traditional way of indemnity which is restoring or putting back the insured in the position he was before suffering a loss. (Jubril, 2011).

Modern insurance policy ought to be enthusiastically embraced by all and sundry since it is an easy way the insurers take over the risks faced by policyholders and aggregate them into a "risk pool" that offers protection against a potential negative event while insurers charge a premium in exchange for the transfer of risk and the promise to pay in the event of a loss.

Statement of the problem

However, despite the role played by insurance industry to individuals, businesses and economic growth of the nation, it seems that people have poor attitude towards ownership and patronage of insurance policies most especially in Onitsha metropolis. Considering the geographical location of Onitsha metropolis and vast number of business transactions that occur in a day, one would believe that insurance company ought to thrive. The study seeks to answer these questions: is the insuring public actually ignorant of insurance product and its usefulness? Are they reasonably patronizing insurance product? What could be the possible

reasons of the patronage if low or otherwise? What are the factors responsible for poor or good attitude of people towards ownership and patronage in insurance service?

Research Objectives

The broad objective of this study is to examine the level of awareness and patronage of insurance policies among the insuring public in Onitsha metropolis. The specific objectives are:

1. To examine the level of insurance awareness and perception among insuring public in Onitsha metropolis
2. To examine the factors that contribute positively or negatively to insurance awareness and patronage in Onitsha metropolis
3. To examine the degree of insuring public confidence in insurance company.

Research Questions

1. How significant is the level of insuring public awareness and perception of insurance company?
2. What are the dominant factors influencing the level of patronage of insurance products in Onitsha?
3. To what extent do insuring public have confidence in insurance company?

Statement of Hypotheses

$H_0$1: Insuring public level of awareness and perception is not poor

$H_0$2: Prompt claim settlement is not significant to insurance patronage

$H_0$3: Insurance company is not trustworthy and dependable

Literature Review

Conceptual Review

Insurance

Ria (2019) [8] stated that insurance refers to a contractual arrangement in which one party insurance company or insurer agrees to compensate the loss or damage sustained to another party that is insured by paying a definite amount in exchange for an adequate consideration called premium. He expatiated that insurance is a contract represented by a policy in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. The company pools clients' risks to make payment more affordable for the insured.

Insurance means the transfer of a potential risk of a material and/or non-material loss from the insured (policyholder) to the insurer under an insurance contract; Insurance is a means or method that people, businesses and organizations use to transfer certain risks to the insurer. The concept of service is fundamental to insurance. The insurer sells to the insured a promise. The validity of the insurance contract will be verified in the future. (Building Block Student, 2022)

Social insurance is a vital component of the social security system, safeguarding citizens' living standards and promoting stability (Yang and Hanewald, 2022).

Insurance Information Institute (2010) affirmed that the insurance industry safeguards the assets of its policyholders by transferring risk from an individual or business to an insurance company. Insurance companies act as financial intermediaries in that they invest the premiums they collect for providing this service. Insurance company size is usually measured by net premiums written, that is, premium revenues less amounts paid for reinsurance.

Key Features of Insurance

Risk Pooling and Diversification

Insurers use the concept of "risk pool" in risk distribution. This concept implies that insurers collect premiums from a large number of policyholders and from these premiums pay for losses or damages that occur within the specific period for a certain number of risks within the group. (Building Block Student, 2022)

In exchange for premiums, insurers promise to compensate policyholders should unpredictable events occur. These unpredictable losses of individual policyholders become more predictable or measurable when aggregated and diversified into a pool or portfolio of risks. Individuals do not know if their car will be stolen this year, but the insurer is able to estimate with a high degree of accuracy how many claims will be made on its portfolio of car insurance policies. Furthermore, the insurer can add other pools of different risks to its overall portfolio, allowing it to diversify the aggregate risks of its motor insurance customers with home insurance risk, travel insurance risk, etc. This pooling and diversification makes it more efficient for insurers to hold risks than for individuals to do so.

Risk Management

Traditionally, risk is defined as the uncertainty of the occurrence of a particular event that results in loss. Risk management is at the heart of insurance For most businesses, risk is a by-product of doing business and something to be avoided or minimised. For insurers, risk management and protection is the core product being provided to customers. Therefore, risk management has always been at the heart of the insurance industry and impacts how it designs products, how it prices products and how it manages investments and its internal governance.

Difference Between Insurance Industry and Other Financial Institutions

The insurance industry is a unique sector that is highly regulated and has a very different risk profile from banks and other financial sectors. Its liabilities are fully funded and it does not use borrowing to fund customer claims. It does not play a core role in payment systems, liquidity risk is rarely problematic and the systemic risk it presents is low.

The core activity of the banking sector is to collect deposits (savings) from private, corporate and institutional customers, leverage this with various forms of debt and use this larger balance sheet to offer loans, thus intermediating between savers and borrowers. Another core activity is to provide and operate the infrastructure and services that are critical for the functioning of the payment systems used by businesses and citizens. In addition to these core activities, some banks, in particular the larger ones, engage in off-balance sheet activities that can include significant financial guarantees and derivatives.

Although insurance is frequently, grouped with other financial sectors. The main difference between insurers and other financial institutions is that insurers liquidity and systemic risks are limited in the insurance sector, but they could be significant for some other financial institutions

Common Types of Insurance

There are many types of insurance, but some common types are described here.

- **Health insurance:** Helps you pay for doctor fees and

sometimes prescription drugs. Once you buy health insurance coverage, you and your health insurer each agree to pay a part of your medical expenses — usually a certain dollar amount or percentage of the expenses. § Life insurance: Pays a beneficiary you select a set amount of money if or when you die. The money from your life insurance policy can help your family pay bills and cover living expenses. There are different types of life insurance. One is term life insurance, which pays a benefit only if the insured person dies during the term of the policy (usually from one to 30 years).

- Whole life insurance, which pays a benefit whenever the insured person dies.
- **Disability insurance:** Protects individuals and their families from financial hardship when illness or injury prevents them from earning a living. Many employers offer some form of disability coverage to employees, or you can buy an individual disability insurance policy. §
- **Auto insurance:** Protects you from paying the full cost for vehicle repairs and medical expenses due to a collision. In most states, the law requires you to have auto insurance when operating a motor vehicle.
- **Homeowner's or renter's insurance:** Covers your home and the personal belongings inside in the event of loss or theft; helps pay for repairs and replacement. If you have a mortgage on your property, most lenders require you to have homeowner's insurance. If you're renting, the landlord might require you to have renter's insurance.

Benefits of Insurance to The Society

Global Federation of insurance Associations, (2025) [5] highlighted various benefits of insurance t the society. The social value of insurance is extremely significant which *vis-a-vis*

- It helps individuals and businesses manage and mitigate risks and financial loss from adverse events, thus reducing hardship and increasing their prosperity.
- It encourages long-term saving and financial planning and provides beneficiaries with a source of income.
- It supports economic activity that would not be possible without protection from the f inancial consequences of large losses, covering everything from small businesses to major infrastructure projects.
- It spreads risk geographically, including globally through reinsurance, and through the diversification of underwriting and asset management.
- It supports economic resilience and facilitates recovery from catastrophic events by acting as a shock absorber for beneficiaries and the general economy. Insurers actively promote loss mitigation efforts, from sprinkler systems to strong building codes.
- It enables insurers to serve as significant long-term investors, funding economic growth and contributing to financial stability during periods of economic and financial turmoil.

Perception

Lora (2020) stated that perception is the process of sensory information to make sense of its significance. It is also the process of interpreting messages from our sense to infer something about the environment.

Teolifilo (2021) viewed perception as to-down way human brains organize and interpret information and put it into context.

Patronage

Bishoymagdyfekry (2018) [2] defined patronage as the support or sponsorship provide by individuals or organizations to others, often in the form of financial and or other privileges.

Empirical Reviews

Skaf *et al*, (2026) [9] examined technology and service quality in achieving insurance industry customer satisfaction and loyalty under crisis conditions. The study emphasized the crucial role of customer satisfaction in fostering loyalty in the insurance sector, especially during crises. High satisfaction levels, influenced by user-friendly online platforms, positively correlate with increased customer loyalty. The study revealed that technology played a vital role in maintaining and improving satisfaction, making it a key driver during challenging times. It also found out that positive interactions between service quality and satisfaction further highlight the multifaceted impact of technology on shaping customer loyalty.

Olowokudejo, (2021) examined the impact of advertising on customer patronage in the Nigerian insurance industry. Primary data were collected through structured questionnaires from 400 respondents. Descriptive statistics such as frequencies, percentage and tables were used for analysis, while hypotheses were tested using Chi-Square. The result revealed that paid advertising, social media advert, outdoor advert and broadcast advert arranged in order attract new clients and reviving dormant clients.

Oloyede e*c al*, (2023) [6] examined the impact of insurance on economic growth in Nigeria. The raw and log-linearized data used in the study were secondary data spanning from 1986 to 2022. Ordinary least Square technique (OLS) was used for estimation. Variables employed were Real Gross Domestic Product (RGDP) as a proxy for economic growth, serving as the dependent variable while Total Insurance Premium (TPR), Total Insurance Claim (TIC), Total Insurance Investment (INV) and Inflation Rate were used as the explanatory variables. Short run of OLS result revealed that value total insurance claims, total insurance claim, total insurance investment and inflation rate had an insignificant impact on economic growth while total insurance premium has a significant relationship on economic growth. However, in the short run, insurance firm's indicator had a positive impact on economic growth in the short run and concluded that insurance firms indices has a positive impact on economic growth in the short run.

Bhattacharya, *et al* (2025) [1] comprehensively reviewed artificial intelligence (AI) applications in the insurance industry. The study focused on the automotive, health, and property insurance domains. The study followed PRISMA guidelines for systematic reviews. The study employed quatitative techniques which allowed examination of recent academic research and industry practices thoroughly. The study identified several key challenges that must be addressed to mitigate operational and underwriting risks, including data quality issues that could lead to biased risk assessments, regulatory compliance requirements for risk governance, ethical considerations in automated decision

making, and the need for explainable AI systems to ensure transparent risk evaluation and pricing models. It also explores emerging areas where AI can improve efficiency and drive innovation in the insurance sector.

Dionne, Georges & Harrington, Scott. (2017) [4] reviewed the main theoretical and empirical contributions in insurance economics since 1960. Qualitative research design was used to analyze the role of utility, risk, and risk aversion in the insurance literature and then summarized work on the demand for insurance, insurance and resource allocation, moral hazard, and adverse selection. The study concluded that theoretical literature of insurance and insurance demand has advanced enormously since the early work of Arrow and Borch in 1960.

Ray, *et al* (2020) examined India's insurance sector: challenges and opportunities. The study employed qualitative research design by analyzing the Indian insurance sector and trace its evolution and growth, the study also identified the key challenges facing the sector despite the suite of reforms that have been implemented to stoke the sector's growth. The study revealed that Indian insurance sector still has a long way to go, as its share in the global insurance market remains abysmally low due to it's low penetration and density rates, less investment in insurance products, the dominant position of public sector insurers and their deteriorating financial health are some of the challenges facing the sector.

Etuk *et al*, (2022) examined the influence of packaging dimensions on the patronage of cosmetics products among female students at the University of Uyo. The adopted survey research design and simple sample, sampling 250 respondents. Primary data were collected through structured questionnaires and analyzed. The finding revealed that there is a positive influence of packaging dimensions on patronage of cosmetics products.

Methodology

A quantitative research approach was employed, utilizing a structured questionnaire distributed among diverse insurance customers in Onitsha metropolis. The data were analyzed using frequency, tables, while hypotheses were tested using chi-square and DATATAB software.

Theoretical Framework

This study is anchored on an Integrative theory of Patronage Preference and Behavior proposed

by Jagdish Sheth, 1982. It stated that preferences and intentions do not automatically result in behavior. A number of highly systematic and sometimes managerially planned events and efforts intervene between preferences and behavior which result in what we refer to as the preference — behavior discrepancy

The integrative theory of shopping preference has identified three sets of personal Determinants:

1. **Personal Values:** It refers to the individual's own personal values and beliefs about what to look for in shopping for various products and services. In essence, they reflect his shopper's personality, and may be determined by such personal traits as sex, age, race and religion. ft is the inner—directed dimension of values as stated by David Riesman (1950).
2. **Social Values:** It refers to a set of normative values imposed by others such as family and friends, reference groups and even society at large. It is the other—directed dimension of values as suggested by David Riesman (1950).
3. **Epistemic Values:** It refers to the degree of curiosity, knowledge and other exploratory values related to environmental scanning and coexistence we as human beings tend to possess. It is typified by phrases like "you climb the Sears Tower (modern day mountains) because it is there!" In a recent study on why people shop, Tauber (1972) found that such epistemic needs as diversion, sensory stimulation, learning about new trends and pleasure of bargaining were highly prevalent.
4. **Product Determinants:** While Personal Determinants control and shape the general Shopping Motives, the fourth set of determinants, namely the Product Determinants shape and control a customer's specific Shopping Motives for a given product class purchase. We have identified three types of Product Determinants in this theory based on past substantive research.

Table 1: Data presentation and analysis

Demographic Characteristic	Category	Percentage
Gender	Male	44%
Age	female	56%
	Between 18-34years	48%
	Between 35-44years	34%
	45 years and above	18%
Education	Primary education	3%
	Post primary education	45%
	Tertiary education	29.9%
	Postgraduate	23%
Work Experience	Wage employed	30%
	Self employed	58%
	No employment	12%

Level of Insurance Awareness and Perception

This section documents the level of insurance awareness and perception among the residents. The work sought to assess the level of awareness and perception of insurance products by the insuring public.

Table 2: Analysis of responses from respondents

S/n	Comment	Ts	Mean	Rank
1	Insurance company provides hedge against risk	1284	4.28	1st
2	Insurance company has best interest of customers at heart	1125	3.75	2nd
3	Insurance company is helpful and beneficial to individual and organizations	1119	3.73	3rd
4	Insurance company fulfils promises in a timely manner towards claims settlement	1002	3.34	6th
5	Insurance company has wide range of products to offer	1062	3.54	4th
6	Location of branches of insurance company are accessible and convenient to locate	1011	3.37	5th
7	Insurance company operating environment is safe and attractive	999	3.33	8th
8	Insurance employees give prompt attention to customers	987	3.29	7th
9	Insurance company is trustworthy.	963	3.04	9th

Source: Field Survey, 2025

Factors Affecting Insurance Patronage

Table 3: Analysis of responses from respondents

S/N	Comment	Ts.	Mean	Position
1	Insurance business is prominent and available everywhere	1002	3.5	4th
2	Premium rate structure fr products are convenient	993	3.31	8th
3	My beliefs do not support insurance products	972	3.24	9th
4	Insurance products are meant for big organizations and wealthy people	1053	3.51	5th
5	Premiums are attractive and convenient	1011	3.37	7th
6	Insurance company settles claims promptly	822	2.74	10th
7	Staff attitudes are motivating and satisfactory	1149	3.83	2nd
8	Insurance advertisement is very attractive and captivating	1116	3.72	3rd
9	The benefits derived from insurance policies are great	1079	3.97	1st
10	Technology adopted in services delivery are prompt and satisfactory	1049	3.49	6th

Insurance Customers' Confidence in Insurance Business

Table 4: Analysis of responses from respondents

s/n	comment	TS	MS	Rank	rank
1	Insurance policies serve as back up to any business incase of any accidental loss	1218	4.06	2nd	
2	Insurance policies allay fears of future risk	1275	4.25	1st	
3	Insurance claims and settlement can be realized without mush stress	882	2.94	4th	
4	Insurance companies are trustworthy and dependable	819	2.73	5th	
5	Insurers are pathetic with customers problem	897	2.99	3rd	

Source: Field survey Report, 2025

Hypothesis One

H_0: Insuring public level of awareness and perception of insurance is not poor.

H_1: insuring public level of awareness and perception of insurance is poor

Table 5: contingency table testing hypotheses one.

	Observed Frequency	Expected Frequency	O-E	$(O-E)^2$	$(O-E)^2$ E
Strongly Agree (SA)	126	60	66	4356	72.6
Agree (A)	138	60	78	6084	101.4
Strongly Disagree (SD)	33	60	-27	729	12.15
Disagree (D)	0	60	-60	3600	60
Undecided (U)	3	60	-57	3249	54.15
Total				18018	300.3

Source: Field Survey Report, 2025.

X^2=300.3

V=(Row-1) (column-1)

V= (5-1) (2-1)

V= 4*1

V=4

The value of the cut-off point of X for 4degrees of freedom at the 5% level of from table is 9.488. As calculated value (300.3) is greater than the table value, we reject the null hypothesis and accept that the insuring public level of awareness and perception of insurance is poor.

Hypothesis Two

H_0: Prompt claims settlement is not significant encouragement to insurance patronage

H_1: Prompt claims settlement is significant encouragement to insurance patronage

Table 6: Contingency table testing hypothesis two

	Observed Frequency	Expected Frequency	O-E	$(O-E)^2$	$(O-E)^2$ E
Strongly Agree (SA)	**18**	**60**	**42**	**1764**	**29.4**
Agree (A)	39	60	21	441	7.35
Strongly Disagree(SD)	120	60	60	3600	60
Disagree (D)	93	60	33	1089	18.15
Undecided (U)	30	60	30	900	15
Total					129.9

Source: Field survey Report, 2025.
X^2= 129.9
V=(Row-1) (Colum-1)
V=4*1, V=4degrees of freedom

The value of cut-off point X^2 for 4 degrees of freedom at 5 level from table is 9.88.
As the calculated value (129.9) is greater than the table value, we reject the null hypothesis and accept that prompt claims settlement is significant encouragement to insurance patronage.

Hypothesis Three
H_0: insurance companies are not trustworthy and dependable
H_1: Insurance companies are trustworthy and dependable**.**

Table 7: contingency table testing hypothesis three

	Observed Frequency	Expected Frequency	O-E	$(O-E)^2$	$(O-E)^2$ E
Strongly Agree (SA)	84	60	24	576	9.6
Agree (A)	72	60	12	144	2.4
Strongly Disagree (SD)	123	60	63	3969	66.15
Disagree (D)	18	60	-42	1764	29.4
Undecided (U)	3	60	-57	3249	54.15
Total					161.7

Source: Field survey Report, 2025.
V=(Row-1) (colum-1)
V=(5-1) (2-1)
V= 4degrees of freedom

The calculated value (161.7) is greater than the table value of 9.88; we reject the null hypothesis and conclude that insurance companies are trustworthy and dependable.

Discussion of Finding
The findings revealed that many people do not have confidence and trust in insurance institution because of perceived poor settlement of claims. Also result from the researchers interaction with the respondents which permits respondents to specify other factors they feel in their own opinions affect the patronage of insurance services indicated low income earning, poverty, high cost of living and deceitful attitude of insurance company when it comes to a time of settlement should a loss occur contribute greatly to the low patronage in Onitsha metropolis.
Onitsha dwellers believe and have more confidence in their business associates and friends. They believe that these associates can come to their aids in case of loss or disasters rather than insurance companies that nay find it difficult to attend to them promptly. The findings revealed that greater numbers of respondents received awareness and perception of insurance through formal education and third party insurance policy for car owners.

Summary of Findings
- Lack of trust and confidence in insurance company: This is the main factors of low level of patronage in Onitsha city. This factor has to do with the company's presentation.
- Poor claims and settlement is also a factor that contributes to low level of patronage of insurance industry. This affects the service rendered. Insurance policies are not physical commodities that can be packed in an attractive way, but are services which must be presented in such a convincing manner that will attract customers.
- Insurance industry has poor advertisement, enlightenment and promotions programmer that can influence the decision of the insuring public.

Conclusions
Deducing from the results of the research, it can be concluded that the insuring pubic in Onitsha metropolis are not ignorant of insurance institution but chose not to patronize insurance company because of lack of trust and confidence in the institution. This is confirmed by previous and similar researches conducted by Nwankwo (2011) and Brown (1993).

Recommendation
Based on the foregoing research findings and their respective implications, the following are recommended:
1. The regulatory authorities should look into the activities of insurance company and present a well defined clear statement that will increase the level of transparency, integrity among staff which will directly increase the confidence of the general public.
2. There should be regular appraisal of policies enlightenment, public advertisement when claims are made, staff and workers with sound experience and integrity should be engaged in dealing with claims and settlement.
3. Insurance company should be public advertisement

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