

An Investigation of the Awareness of the Life Insurance Among the Hawkers in Dhaka City: The Prospects of Microinsurance

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Abstract

Insurance is one of the most important driving force of the economy which collects deposits from the people as a premium and assists to foster the economic prospects as well as provide financial security to the people who faces different uncertainty to the personal life and to their property but it does not work as the risk elimination tool where it is not possible to eliminate all types of risks which force it to reduce certain risk especially risks related to the personal life providing certain insurance policy like life insurance where eliminate risks related to the property providing specific amount of money if the property damages by specified event included in the insurance contract which is the contract of utmost good faith. The sample size of this study was fifty (50) which focus on the Hawkers in Dhaka City that are randomly chosen with the objective of analyzing the awareness of the Hawkers towards the life insurance and to identify the prospects of Microinsurance among the Hawkers. Finding the current situation of the life insurance business as well as Microinsurance in Bangladesh and the current status of the Hawkers is also important objectives of this study. This study focuses on the awareness of life insurance among the Hawkers in Dhaka City, where the prospects of the Micro Insurance are analyzed considering the characteristics of Micro Insurance as Hawkers do not have any idea about Micro Insurance and the acceptance of those characteristics were recorded and found that the Hawkers are very keen to uptake Micro Insurance because of its special characteristics. In this study it is also concluded that there is a positive correlation between the knowledge related issues like the knowledge about life insurance policy, knowledge about the financial benefit and financial security, as well as knowledge about the insurance products provided by different companies and awareness of life insurance among the Hawkers in Dhaka City. Finally, this study suggested that the managers and policy makers need to disburse information to increase the awareness and trust towards the life insurance in Bangladesh, especially in the very niche insurance market which is the Hawkers in Dhaka City.

Keywords: Insurance, Life Insurance, Microinsurance, Awareness, Prospects, knowledge, financial benefit, financial security, policy, policyholder.

1.1 Introduction

The life insurance business has a long history in Bangladesh. The Life Insurance in Bangladesh has been started before the liberation war and the number of policyholders is not improved significantly. The people of Bangladesh still consider life insurance as an unethical business (Mamun, 2014) from the religious, social and cultural perspective. Besides, the insurance business in Bangladesh is not well developed from the structural and organizational ground. The ALICO (American Life Insurance Company) introduced life insurance first in Bangladesh before the liberation war. Besides, after the independence of Bangladesh there were only nationalized insurance companies. One of them is Jibon Bima Corporation, which operated all the life insurance in Bangladesh. According to Bangladesh Insurance Association (2012) only four persons out of 1000 have a life insurance policy in the country where the other neighboring countries have far more than that number. As a result the life insurance sector needs to be concentrated more by the policy makers and the business leaders as the life insurance business is very profitable and most of the companies operated in Bangladesh are making profit. The insurance business can be one of the important tools of economic development and the insurance industry can be proved very prospective for the economy of Bangladesh (Mamun, 2014).

In Bangladesh Microinsurance is not a new product as it started during the 1970s. The Ganoshasthya Kendra which is one of the renowned NGO in Bangladesh introduced Microinsurance. But now there are 60 insurance providers of Microinsurance and there are more than 25 million policyholders, which is growing significantly as in 2008-09 the Microinsurance had grown by 33 percent (Hasan, 2007; Ramm 2012). Basically three types of organizations provide the Microinsurance in Bangladesh, which are non-government organization (NGO) Microfinance Institutions (MFIs), private insurance companies and two state owned insurance companies named Jibon Bima Corporation and Sadharan Bima Corporation. Dhaka city is one of the highest populated city where there are lots of people conducting business just beside the roads or footpath. This city consists of different types of people and among them a large number of people are migrated from the village, who do not have enough formal education and job skill that is an obstacle to get a job in the formal areas (Akharuzzaman and Deguchi, 2010). As there is no facility to get a job in the rural areas every year a large number of people

migrate to Dhaka City in search of jobs. As the job sector is limited people do not get jobs and they engaged in different types of business in the street. The poor people coming from the village find the street business, which is generally known as the Hawker, very popular which needs small capital and irregular time investment. In most of the developing countries in South Asia has a large number of Hawkers doing business just beside the roadside. The Hawkers are a problem in the Dhaka city as well as they are contributing to the development of the economy (Akharuzzaman and Deguchi, 2010).

Hawkers are such entrepreneurs whose income are lower than the formal entrepreneurs conducted business in the highly populated parts in the urban areas, mostly engaged in informal business activities in the developing countries (Israt and Adam, 2015). According to strategic transport planning report (2012) Dhaka Metropolitan City consists of approximately 388 kilometers of footpaths where 155 kilometers of these footpaths are occupied by the Hawkers. This indicates that a large number of people are engaged in the business conducted in footpaths. In this consequence, this study will emphasize on the awareness of the life insurance among the Hawkers in Dhaka City as they have a continuous cash flow. The prospects of Microinsurance are also analyzed, especially considering the acceptance of Microinsurance among the Hawkers in Dhaka city.

The insurance is one of the most important tool that is used to reduce or diversify various types of risk. The life insurance is not the contract of indemnity where it considers the economic value of human life (Stevick, 2008). Most of the Bangladeshi people are not highly concern about the importance of insurance, which is one of the main obstacles for the expansion of insurance business. Besides the tendency of people towards the insurance as a business or as a job is also not positive. There is also a hindrance against the insurance from the religious perspective. In this circumstance, the awareness towards the life insurance is not quite well. This study focuses on the awareness of the specific group of people who are conducting business in the city area towards the life insurance. The Hawkers are very significant for the economy as they are self motivated entrepreneurs and doing their business successfully. Their business also fluctuates in different times, which creates different types of cash flow over the years. As a result, specific types of insurance products are required for them. Hence, the Microinsurance can play a vital role in the protection of assets as well as the financial security for the Hawkers in Bangladesh. The number of Hawkers is very high in Dhaka as it is the capital of Bangladesh and most of the rural people come to Dhaka for the job, but when they fail to manage any job, they engaged in the small business besides the road as it is very easy to start and required no formalities. For the expansion of insurance business such niche sector of the economy can play vital role the insurance company need to focus on this sector as per the specific demand of this group of people. The Microinsurance can open a new horizon for them to continue the business and support their families who are mainly living in the village areas.

The life insurance is like a savings which provides a larger amount after the maturity of the insurance or pay the predetermined amount to the specific person for the death of the policyholders. In that case, the people are not bound to uptake any life insurance product. But the life insurance is very helpful for the people as our life is very uncertain because of the various events like death, accident, illness, retirement, disability and disasters. Therefore, the awareness of the life insurance can play an important role in the expansion of life insurance business. The awareness of life insurance is measured in the different areas of India (Yellaiah, 2012; Dar, 2012; Agarwal & Shukla, 2014). The awareness of life insurance is also assessed in different perspectives in Nigeria (Okunnu, and Adeyemi, 2008; Ajemunigbohun, Oreshile and Lyun, 2014). These studies identified certain factors which play significant role in shaping the awareness and satisfaction of people towards the life and health insurance. But in Bangladesh it has been ignored where the awareness of people to the specific products are measured. This study contributes to the study of awareness to a niche market that can be expanded to analyze the awareness of other groups of people using the framework and model given in this study. The awareness of the life insurance among the Hawkers in Dhaka City can reveal the prospects of the life insurance in this group of people.

The awareness of life insurance among the Hawkers in Dhaka City is the key issue of this study. The awareness among this specific group can aid the companies to prepare specific products for the Hawkers which will increase the revenue of the insurance company as well as give the financial protection to the Hawkers. Therefore, this study generates the following questions

What is the current situation of Life Insurance Business in Bangladesh?

Are there any prospects of Life insurance to the Hawkers in Dhaka City?

Do the Hawkers have the necessary knowledge about life insurance?

The above questions rationalizes to formulate the following hypothesis which is tested this study:

H₁: Income is positively correlated to the awareness of life insurance.

H₂: Knowledge is positively correlated to the Awareness of life insurance

The main objectives of this study are as follows:

1. Analyzing the current status of the life insurance in Bangladesh and the tendency of people towards the life insurance.
2. Investigating the current condition (number, income level, business status, etc.) of the Hawkers in

- Dhaka City.
3. Analyzing the awareness of the Hawkers towards the life insurance.
 4. Investigating the emergence of Microinsurance in Bangladesh and its acceptance to the Hawkers in Dhaka City

2.1 Literature Review

Insurance plays a very important role in the management of risk in any organization. The basic principles of risks are used to define the insurance. Different perspectives are used to identify the risk management tools as insurance. Insurance is defined from multiple perspective in the various disciplines like the economics, sociology, law, history and risk theory (Rejda and McNamara, 2014). According the American Risk and Insurance Association insurance is the tool that uses to reduce or pool the uncertain losses where the risks of losses is transferred to the insurer who agree to cover insured for the losses occurred along with other specified financial benefit or to provide service concerned with the risks involved. According to this definition Rejda and McNamara (2014) identified certain characteristics of insurance like the pool of losses, payment for the uncertain losses, the transfer of risks, and indemnification. These characteristics are common for all sorts of insurance. In case of insurance there are two very important concepts which assist in the origination of the insurance and insurer and these two concepts are adverse selection and moral hazard where the adverse selection refers to that a person who need the insurance coverage most will turn into an insurer and on the other hand moral hazard refers to the situation where people become less cautious as they undertook insurance which will compensate if anything happened to the property (Doff, 2011).

The life insurance has different characteristics which is not a contract of compensation. Rejda and McNamara (2014) describe that life insurance pays death benefits to the specified receivers when the insured dies or after the maturity of the policy pays the specified amount to the insured. He also states that the benefit can be paid to cover the funeral expenses, medical bills, taxes or other types of expenses specified in the insurance contract. According to Doff (2011) the origin of life insurance goes back to the history of ancient Greece and the time period is approximately 200BC. On that time the life insurance product were not so developed, but it was just a way to help the deceased person's family or to repay the debt of the deceased person. In this way it facilitates the insured to have a social security. The life insurance products are created through actuary considering three major things which are mortality, interest and expenses which is also known as the building block of life insurance (Stevick, 2008).

The Microinsurance products are very specific and highly designed that works for the reduction of poverty as well as to ensure sustainable development. The Microinsurance is designed to protect the lower earnings people against specific risks in exchange of particular premium paid on the specific date which is specified considering the likelihood and cost of the risk associated with the specific event (Churchill, 2006). On the other hand, Banerjee (2008) states that Microinsurance products offer protection against some sorts of previously determined risks which are mostly in the area of life, agriculture, business and health. He also emphasized that the main issue is the target market and concluded that the target market necessarily need to be the lower income people who earn less than \$2 a day. The amount of premium is smaller, whereas the paying duration is frequent. The main objective of the Microinsurance is to reduce the poverty and helping the lower income people in the worsen situation occurred because of the specified perils. Therefore the insurers are concerned about the financial condition of the insured in designing the Microinsurance product. According to Werner (2009) Microinsurance is one of the very specific products of insurance companies which includes the economic exclusions to ensure social protection, protection of resources or services from death, health injury or any other adverse situation of life. For more clear understanding it is emphasized that Microinsurance need to be a low value product which consist of several important characteristics like the premium of the Microinsurance need to be determined considering the community risk rating instead of individual risk rating, dynamic attachment of the intermediate agency that will represent the target market or community (Ahuja and Guha-Khasnobis, 2005). According to Ahuja and Guha-Khasnobis (2005) insurance is rapidly spreading to the society especially to the lower income people as the lower income people has various types of income generating activities and the risks associated with them are also very different and specific. On the other hand, lower income people are responsible for the discontinuation of the policy which is ignored in his study. There are mainly two main types of Microinsurance practiced all over the world which are credit-life insurance and health insurance (Aliber and Ido, 2002).

According to Werner (2009) Microinsurance is very promising and growing sector, which are strongly associated with the Microcredit movement in Bangladesh. He emphasized that the rural people in Bangladesh are deprived of different sorts of health services and social protection. But in his study, he does not specify any framework for the effective use of Microinsurance to provide health and social protection. In this country the number of doctors and the hospital bed is limited where there are only 30 hospital beds and 26 doctors for the 100,000 patients (WHO, 2004). So, the health insurance for the rural people is an essential issue now.

Reshmi, Nair, Sabu and Unnikrishnan (2007) conducted a study considering the awareness of health insurance in a South Indian population. They identified that about 64 percent people are aware about the health insurance, which is concluded analyzing the total respondents. The media play a vital role in spreading the knowledge of insurance products where most of the people get information about insurance from different media. Besides, they concluded that the government need to develop certain policy to introduce health insurance among the people that will reduce the unnecessary expenditure of the government. The awareness is analyzed categorizing the respondents in different segments like socio-economic status, family income, religion, sex, and age. The information about the insurance is spread through television, radio, newspaper, doctor, family, internet, and insurance agents.

Okunnu and Adeyemi (2008) analyzed the awareness of having the life insurance policy in Nigeria. Their study revealed that most of the students who were the respondents of the study are aware of the importance of having life insurance, especially the financial benefit of the life insurance but they do not have the ability to buy the insurance policy. They categorized the importance as necessary, compulsory, and not sure. The reason for undertaking life insurance policy is also analyzed where the important reasons are the future of their upcoming children, the protection of future wealth, and others. They suggested that the concerned stakeholders need to be more active to spread the information about insurance.

Agarwal and Shukla (2014) emphasized that the insured households are more concerned about the information about insurance compared to the uninsured households. It is also revealed that most of the households undertake insurance because of the loss of life. Besides, the insurance agents are the main sources of information about the insurance company and the products, where the insurance agents influence people to undertake insurance policy. They also find out that friends, relatives and the media are the major source of information about the insurance products.

The Microinsurance providers are very aware to spread the information about the Microinsurance to the people and the awareness creation is highly encouraged where the access of the people is not satisfactory (Ajemunigbohun, Oreshile, and Lyun, 2014). Ajemunigbohun, Oreshile and Lyun (2014) analyzes the information collected from the respondents of Lagos, Nigeria, considering some selected insurance companies who provide Microinsurance products to the market. They suggest that some education, enlightenment and awareness programs are essential to increase the insurance awareness among the lower income people. They suggest that government need to provide financial literacy to the people for the understanding of the insurance knowledge and the operating cost of the Microinsurance need to be lowered as well as the efficiency of the company providing Microinsurance products need to be improved by the continuous development of the technology for maintaining effective relationship between the insurers and insured.

Yellaiah (2012) identifies the determinants of the awareness of health insurance in Andhra Pradesh. The most important determinants of the awareness are age, education, income, health expenditure, gender, type of the family and the occupation. His study shows that 33.5 percent of the respondents are aware of the health insurance where rest 66.5 percent are unaware. He also concludes that the higher education and the higher income are positively correlated to the awareness of health insurance. Media plays a very significant role in the spread of the information about the life insurance among the people (Dar, 2012). Dar (2012) analyzes the data, conducting a community-based cross-sectional analysis of 242 respondents. He concluded that the respondents have more faith in the government life insurance company compared to the private life insurance company and he suggested that the government need to introduce more dynamic life insurance product. The spread of knowledge, the privatization policy, internet, education plays important role in the rapid growth of the insurance sector in India (Reddy and Jahangir, 2015). According to Reddy and Jahangir (2015) the socio, demographic and economic factors have significant impact on the perception of life insurance. The social class is also an important variable depending on the various situations.

Ahmed (2013) concluded that there is very low level of awareness and comprehension of life insurance products among the people. He indicated that certain psychological issues play role in the perception of life insurance among the rural villagers. The education of the family members, and the company name are also two significant variables. To assess the awareness level, satisfaction level and the perceived service quality in the life insurance industry Ramanathan (2011) developed a very useful tool. He uses six dimensional tool consists of corporate image, technology, tangibility, competence, personalized financial policies and assurance. The age, education and the sex of the policyholders are not significant for the uptake of life insurance policy where the income, occupation and the family size are very significant factors in the uptake of life insurance policy in India (Namasivayam et al., 2006).

3.1 Methodology

This study is basically a descriptive as well as diagnostic research, which will follow the research design appropriate for the diagnostic study. This study will consider the rigid research design rather flexible design. The planned statistical tools will be used which is described in the data analysis section. The structured observational

method will be followed in this study. Therefore, the research approach of this study is the combination of both the deductive and inductive approaches. The theoretical framework is used to describe the awareness of the life insurance among the Hawkers in Dhaka City. The positive-pragmatism is followed in this study. In this study, the random sampling method is used. The respondents are selected randomly. The area of the study is selected on the basis of the highest number of population. In his case, four areas are selected for collecting data. The areas are New Market, Golistan, Badda and Uttara. Total sample size is fifty (50) Hawkers. The questionnaire consists of different types of questions like yes/ no questions, selective questions, qualitative questions, and quantitative questions. For collecting and analyzing the qualitative data the Likert scale method as well as the judgmental method is used. Besides, the descriptive and inferential statistics are also used.

4.0 Data Analysis

4.1 Life Insurance in Bangladesh

The insurance Business has a very long history in Bangladesh. There were numerous numbers of insurance company in Bangladesh before the liberation war. Before 1971, there were 70 (seventy) insurance company in East Pakistan among which 10 (ten) were locally incorporated (Samina, 2012). According to the Bangladesh Insurance (Nationalized) Order, 1972, Section 4 (1), the government of Bangladesh nationalized all the insurance company operated in Bangladesh and established five nationalized insurance corporation which had all the power to conduct the insurance business and the name of these five insurance corporations were Bangladesh Jatyta Bima Corporation, the Karnaphuli Bima Corporation, the Surma Jiban Bima Corporation, the Rupsa Jiban Bima Corporation, and the Teesta Bima Corporation. But the government change the decision in 1973. In that year, the government established another act named The Insurance Corporation Act, 1973. According to the Insurance Corporation Act, 1973, Section 4 (1), all the five insurance companies were merged in two corporations named the Jiban Bima Corporation and the Sadharan Bima Corporation. The authorized capital for each of the nationalized corporation was twenty Crore, which the government paid as per the necessity of the company. After the establishment of the Jiban Bima Corporation, all the activities of the Jiban Bima (Life Insurance) in Bangladesh, were the task of the Jiban Bima Corporation and after the establishment of Sadharan Bima Corporation, all the activities of general insurance in Bangladesh, were the undertakings of the company. Until 1984 these two nationalized corporations conducted all the insurance activities in Bangladesh. In 1984, after the amendment of the insurance corporation ordinance, the government allowed private sector operation of insurance companies (Samina, 2012). After the approval of private sector insurance operation, there were 6 (six) life insurance company and 9 (nine) non-life insurance company. In 1990 the government also allowed the private sector insurance to underwrite 50% of the public sector business and the rest of the business were only for the Sadharan Bima Corporation. The government then also allowed the private sector insurance company for 50% of re-insurance in any local or foreign company. As a result, the insurance business started to flourish significantly.

Now, in Bangladesh Insurance companies are regulated under the Insurance Act, 2010; Insurance Ordinance, 2008; and Insurance Development and Regulatory Authority Act, 2010. Currently, there are 77 Insurance companies in Bangladesh, where 46 are non-life insurance companies (One is Government non-life insurance company) and 31 are life insurance companies (One government life insurance and one Foreign life insurance company) (IDRA, 2016). Now, the paid up capital for the life insurance company is 300 million. The life insurance plays a vital role in the economy of Bangladesh. The life insurance policy provides financial security during the distress of the family.

4.2 The Microinsurance in Bangladesh

The Microinsurance is very prospective in Bangladesh. The Microinsurance was initiated in Bangladesh around 1970s. Therefore, it has a long history. The main players of Microinsurance in Bangladesh are the NGOs and MFIs. There is no specific laws in the Insurance Act, 2010. Besides, the Microcredit Regulatory Authority (MRA) Act allows the NGOs and MFIs to issue insurance product to the rural people. The Microinsurance providers face different challenges in Bangladesh as there are no specific regulations. On the other hand, different ethical issues also arise because of the irregularities in different operational areas (Ali, 2013).

In the international consequences, Microinsurance is mainly provided by the private insurers (Roth, McCord, & Liber, 2007). Different types of Microinsuranc products are offered in Bangladesh. Mainly three types of Microinsuranc products are available in this country which are Health Microinsurance, Life Microinsurance, and Integrated Microinsurance (Werner, 2009). Basically, the established business channel of the Microcredit institutions is the major participant of the Microinsurance as they established trust among the community. To protect the lendings of these organizations the borrowers are insured under the Microinsurance policy which already regarded as the successful strategy for NGOs (ILO, 2003). The Microinsurance products offered in Bangladesh are as follows:

Table 1: Microinsurance Schemes offered by different organizations in Bangladesh (Source: Werner, 2009).

Types of Microinsurance	Number of Schemes
Health	13
Life	12
Loans/ Capital	8
Livestock	2
Disaster	1
Total	36

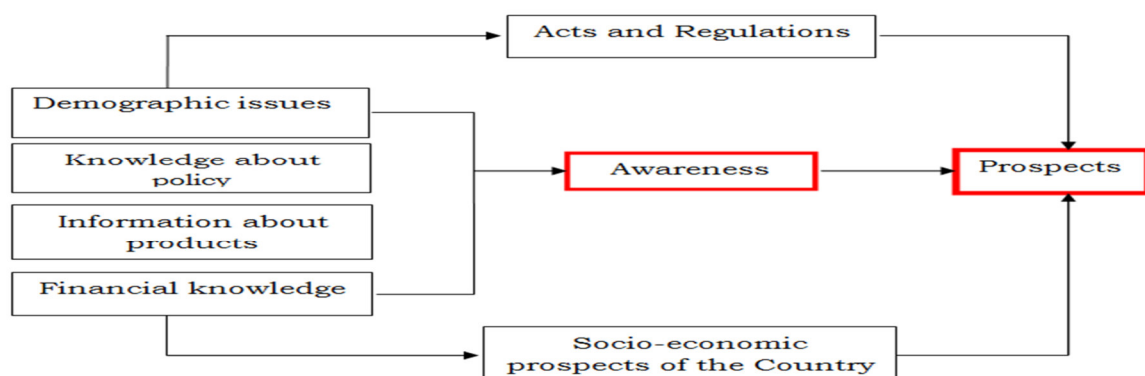
The main problems of Microinsurance in Bangladesh are: failing to maintain an affordable premium and the lack of financial strength of the scheme, lack of proper regulations, opportunity of fraud, moral hazard, managerial inefficiency, unfavorable market environment. Besides, there are some challenges of Microinsurance arises in the areas of demand, supply, pricing of insurance products, high operating cost, lapsation, and support services.

4.3 Theoretical Framework

The awareness of life insurance is one of the key issues for the prospects of life insurance business in any country. The insurance contract is the contract of utmost good faith (Allens, 2001). The insured need to disclose everything necessary for the operation of the insurance contract. The awareness of the people plays a vital role to build the trust to the insurance company. As a result, the insurance company needs to undertake different activities to raise the awareness.

Different issues contribute to the awareness and perception of life insurance around the world. All the issues affect the uptake of life insurance or to increase the trust towards the insurance policy. According to Ajemunigbohun, Oreshile and Lyun (2014) the accessibility and the awareness of people are very significant and the aggressive awareness is forced by the insurance companies where the accessibility issues are reflected in the life of general people. Agarwal and Shukla (2014) identified certain issues that are related to the awareness of the life insurance which are the knowledge of the life insurance policy, preference of the sector, reason for preference, reason for opting of life insurance policy, and areas of improvement for both private and government life insurance policies. Besides, there are other factors which are also important for indicating the awareness of life insurance like the gender towards the awareness, ethnic groups towards the awareness, age groups towards the awareness, information about life insurance towards the awareness, reasons of taking life insurance towards the awareness, classification of having life insurance towards awareness, and goals of having life insurance towards awareness (Okunnu & Adeyemi, 2008). Reshmi, Sabu and Unnikrishnan (2007) identified the determinants of the awareness of health insurance in South Indian Population. According to them the determinants of the awareness are religion, type of family, occupation, family income per month, educational status and socio-economic status. All of these determinants are not statistically significant. Yellaiah developed a model to measure the awareness of people towards the health insurance in Andhra Pradesh, India, where he included religion, type of the family, education, occupation and income. To analyze the customer perception of life insurance policy in the rural market Reddy & Jahangir (2015) includes seven (07) socio-economic and demographic factors which are age, gender, occupation, family size, annual income, marital status, and education. Mahdzan & Victorian (2013) formulates a framework to measure the life insurance demand, which includes demographic issues, financial literacy of the respondents and saving motives of the respondents. This study analyzes the awareness of life insurance among the Hawkers in Dhaka City which is based on the following framework:

Figure 1: Theoretical Framework of the Awareness of Life Insurance



The higher the awareness of the life insurance the higher the prospects of the life insurance industry. It

increases the trust, and other issues which propels the people to undertake more and more insurance. Besides, the legal environment plays an important role in the prospects of the life insurance. As there is no legal framework for the Microinsurance in Bangladesh, the NGOs can easily issue Microinsurance products and there is no complexity in the product design. Besides, the socio-economic environment of the country also assists to contribute to the prospects of the life insurance.

4.3 Descriptive Analysis

Different socio-economic, demographic, knowledge and other issues are included in this study, which is analyzed using the descriptive statistics. According to the data, the ratio of male and female respondents are 4:1 which indicates that among the four male Hawkers there is one female Hawkers. Besides, among the respondents, 60% have an insurance policy and the rest 38% do not have any insurance policy. According to the table 3, the highest number of respondents do Fabrics business (26% of total respondents). On the other hand, the lowest number of respondents is in the other businesses which includes different odd business. Toys and Domestic Chores are 18% of total respondents. 30% of the total respondents earn TK. 30,000 to TK. 40,000 per month. On the other hand, total 48% Hawkers earn between TK. 10,000 to TK. 30,000. 22% of the respondents think that they will uptake a policy because of the uncertain death, where 42% of the respondents think that the accidents is the prime reason for the uptake of life insurance. Besides, only 10% of the Hawkers believe that retirement is the reason to uptake a life insurance policy. 52% of the total Hawkers believe that for uptake a life insurance policy is necessary where another 34% think that they are not sure about the importance of the life insurance policy.

Table 2: Socio-economic and demographic profile of respondents

Characteristics	Categories	Frequency	Percentage
Types of Business	Fabrics	13	26.00%
	Leather and Shows	9	18.00%
	Fruits	7	14.00%
	Toys	9	18.00%
	Domestic Chores	9	18.00%
	Others	3	6.00%
Total		50	100%
Gender	Male	40	80.00%
	Female	10	20.00%
Total		50	100.00%
Monthly Income	5,000-10,000	4	8.00%
	10,000-20,000	12	24.00%
	20,000-30,000	12	24.00%
	30,000-40,000	15	30.00%
	40,000-50,000	5	10.00%
	50,000 and above	2	4.00%
Total		50	100.00%
Existence of Life Insurance	Yes	19	38.00%
	No	31	62.00%
Total		50	100.00%
Reasons of the insurance uptake	Death	11	22.00%
	Accidents	21	42.00%
	Illness	10	20.00%
	Disability	3	6.00%
	Disasters	0	0.00%
	Retirement	5	10.00%
Total		50	100.00%
Nature of Importance	Necessary	26	52.00%
	Compulsory	4	8.00%
	No Use of It	3	6.00%
	Not Sure	17	34.00%
Total		50	100.00%

The Microinsurance prospects measurement is given in the following table:

Table 3: Microinsurance Prospects

Characteristics	Category	Frequency	Percentage
Idea about Microinsurance	Yes	4	8.00%
	No	46	92.00%
Total		50	100.00%
Smaller Premium	Yes	49	98.00%
	No	1	2.00%
Total		50	100.00%
Irregular premium Payment	Yes	35	70.00%
	No	15	30.00%
Total		50	100.00%
Rapid Claim Processing	Yes	49	98.00%
	No	1	2.00%
Total		50	100.00%

According to the table, all the variables which show the characteristics of Microinsurance are preferred by the respondents. Only 2% of the respondents disagreed that the claim processing time would be slower. Besides, in case of smaller premium and irregular payment the respondents were motivated to uptake insurance policy. But 30% of the respondents do not want irregular payments.

4.4 Inferential Analysis

Considering all the variables collected through the survey two hypotheses has been developed which is tested using the ANOVA. The first hypothesis is:

H₁: There is significant differences between demographic issues and the awareness of life insurance.

On this hypothesis, the demographic issues are gender, income of the people, and the type of business. To test the hypothesis the following statistical model is used:

$$Z_1 = \beta_{01} + \beta_{11} \cdot X_{11} + \beta_{21} \cdot X_{21} + \beta_{31} \cdot X_{31}$$

Where, Z₁ = Awareness of life insurance

β₀₁ = Constant

β_i = Slope

X₁₁ = Gender

X₂₁ = Income

X₃₁ = Business Type

$$\text{Now, } Z_1 = + 2.638 + (-0.283) X_{11} + (0.283) X_{21} + (-0.094) X_{31}$$

The following table shows the coefficient of variance:

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.638	.742		3.556	.001
Gender	-.283	.371	-.105	-.764	.449
Income	.280	.128	.326	2.193	.033
Business Type	-.094	.101	-.139	-.931	.357

a. Dependent Variable: Question_7

The value of R is 0.420 which indicates the moderate correlation among the variables. Besides, the value R² is 0.176 which indicates that 17.6% variability of the data are explained through the developed regression model.

The following table shows the result of the analysis variance:

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.221	3	3.407	3.286	.029 ^b
Residual	47.699	46	1.037		
Total	57.920	49			

a. Dependent Variable: Question_7

b. Predictors: (Constant), Business_Type, Gender, Income

According to the above table, the value of F (3, 36) = 3.286 and P (0.029) < 0.05. Therefore, we can reject the null hypothesis and accept the H₁ hypothesis which indicates that there is a significant difference between the demographic issues and awareness of life insurance. The first hypothesis is accepted and it is statistically

significant.

Now, the second hypothesis explains that knowledge is positively correlated to the awareness of life insurance. In this hypothesis, knowledge indicates the knowledge about the insurance policy, knowledge about the products of the company, knowledge about the financial benefit, knowledge about the financial security functions of the insurance.

H₂: Knowledge is positively correlated to the Awareness of life insurance

Now, the regression model looks like the following:

$$Z_2 = \beta_{02} + \beta_{12} \cdot X_{12} + \beta_{22} \cdot X_{22} + \beta_{32} \cdot X_{32} + \beta_{42} \cdot X_{42}$$

Where, Z₂ = Awareness of life insurance

β₀₂ = Constant

β₁ = Slope

X₁₂ = Knowledge about policy

X₂₂ = Knowledge about financial safety

X₃₂ = Knowledge about financial benefit

X₄₂ = Knowledge about products

Now, Z₂ = + 0.913 + (0.304) X₁₂ + (-0.048) X₂₂ + (-0.017) X₃₂ + (0.613) X₄₂

The following table shows the coefficient of variance:

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.913	.647		1.412	.165	-.390	2.216
	Question_1	.304	.159	.252	1.911	.062	-.016	.625
	Question_4	-.048	.181	-.034	-.264	.793	-.411	.316
	Question_5	-.017	.140	-.015	-.120	.905	-.299	.265
	Question_6	.613	.152	.596	4.026	.000	.306	.920

a. Dependent Variable: Question_7

The value of R is 0.733 which indicates the strong correlation among the variables. The value of R² is 0.538 which indicates that 53.8% variability of the data can be explained using the developed regression model. The following table shows the result of the analysis of variance:

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.152	4	7.788	13.093	.000 ^b
	Residual	26.768	45	.595		
	Total	57.920	49			

a. Dependent Variable: Question_7

b. Predictors: (Constant), Question_6, Question_4, Question_5, Question_1

According to the table, the F (4, 45) = 13.093 and P (0.00) < 0.05. Therefore, there is the difference between the mean of the variables which indicates that the null hypothesis is rejected and the alternative hypothesis is accepted. So, the Alternative hypothesis H₂: knowledge is positively correlated to the awareness of the life insurance is accepted.

4.5 Findings

The socio-demographic and knowledge related issues are very important for the awareness of life insurance among the Hawkers in Dhaka City. Most of the Hawkers are engaged in the fabrics business. Besides, the income level of Hawkers is around Tk. 10,000 to TK. 30,000. Besides, most of the Hawkers in Dhaka city thinks that the accident and death can be the main reason for the uptake of the life insurance policy.

The main factors which are related to the awareness of life insurance among the Hawkers in Dhaka city are categorized into two major areas which are demographic and knowledge related. The demographic issues are gender, income and business type. Besides, the knowledge related issues are the knowledge about insurance policies, knowledge about the financial security, knowledge about the financial benefit and the knowledge about the products of different insurance companies. The statistical analysis shows that there is a moderate correlation among the demographic variables and there is a strong correlation among the knowledge related issues. The developed two hypotheses is accepted which emphasized that there is a significant difference among demographic issues and the awareness of life insurance and there is a positive correlation between the knowledge related issues and the awareness of life insurance. There is very high prospects of the Microinsurance

but most of the Hawkers do not have any idea about the Microinsurance where hearing the characteristics of the Microinsurance most of the respondents agreed to have Microinsurance.

5.1 Conclusion and recommendation

The insurance business in Bangladesh has a very prospective future where the decision makers need to focus on various issues like the awareness to foster the life insurance business. The Microinsurance is a very specialized product which focuses on the issues which are not formal and complex like the conventional insurance products. In Bangladesh the Microinsurance is marketed by the NGOs and MFIs. These organizations also issue Health insurance products, but the Microinsurance is the main insurance products. There is no regulation for the Microinsurance in Bangladesh. But the companies which provide Microinsurance follows the regulation related to the Microcredit.

The awareness of the life insurance among the Hawkers in Dhaka city is statistically significant. The knowledge and the demographic issues are the main determinants that contribute to the awareness of the life insurance. The main factors are gender, income, type of business, knowledge about the insurance policy, knowledge about the benefit of the life insurance, knowledge about the financial security of the life insurance and the knowledge about the products provided by the insurance companies.

There is a moderate correlation among the demographic variables, but there is a strong correlation among the knowledge related variables. The tests of hypothesis suggest that there is a significant difference between the demographic issues (gender, income, and type of business) and awareness of life insurance; and there is a positive correlation between the knowledge related issues and the awareness of life insurance among the Hawkers in Dhaka City.

This study emphases that the policy makers and the managers need to focus more on the awareness issues to expand the life insurance business in the very niche areas like the Hawkers in Dhaka city. Besides, the following recommendations are made:

- Proper and suitable regulation of the Microinsurance Business.
- The awareness program of the life insurance needs to be initiated to expand the business.
- The information about the products and the policy related information need to be spread so that the prospective customers can decide about the uptake of insurance policy.
- Trust needs to be built through the awareness program.
- The demographically customers need to be categorized to develop specific products for the niche markets.

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Appendix A: Questionnaire

Questionnaire for the Investigation of the awareness of life Insurance among the Hawkers in Dhaka City: The Prospects of Microinsurance

Dear,

I am going to investigate the awareness of the life insurance among the hawkers in Dhaka City as well as the prospects of Microinsurance. Please, help me taking a few valuable minutes of your time to respond my questionnaire about your awareness towards life insurance, as well as the experience and attitudes towards the life insurance. Thanking in advance for your cooperation.

Customer Awareness and product prospects Survey

Serial No....

Type of Business:

- Fabrics
- Toys
- Leather and Shows
- Domestic Chores
- Fruits
- Others

Sex:

- Male
- Female

Monthly Income:

- 5,000-10,000
- 30,000-40,000
- 10,000-20,000
- 40,000-50,000
- 20,000-30,000
- 50,000 and above

1. Do you have a life insurance policy with any life insurance company?

- Yes
- No

2. What can be the reasons for the uptake of life insurance policy?

- Death
- Accidents
- Illness

- Disability
- Disasters
- Retirement

3. What is the importance of the uptake of life insurance policy?

- Necessary
- Compulsory
- No use of it
- Not Sure

Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly Agree (5)

1. I have knowledge about life insurance policy

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

2. I will prefer government life insurance company to uptake a policy

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

Reason:

3. I will prefer private life insurance company to uptake a policy

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

Reason:

4. I am aware that having a life insurance policy ensures financial security

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

5. I am concerned about the financial benefit of having a life insurance policy

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

6. I am informed about the products of the life insurance companies

- Strongly disagree
- Disagree
- Neutral
- Agree

- Strongly agree

7. I am aware of the life insurance in Bangladesh

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

Do you have any Idea about Microinsurance?

- Yes
- No

8.

Are you willing to have an insurance policy if the premium is a smaller amount?

- Yes
- No

9.

Are you willing to have an insurance policy if there is an irregular premium payment facility?

- Yes
- No

Are you willing to have an insurance policy if the claim processing time is rapid?

-
- Yes
- No