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Factors Affectıng Consumer Behavıor Toward Purchasıng Motor Insurance Polıcy in the Case of Selected Insurance Companıes in Ethıopıa

Habtamu Alebachew Legass [1], Aragaw Seid [2]
[1] *Sakarya University, Turkiye*
[2] *Madda Walabu University, Ethiopia*

Corresponding Author: Habtamu Alebachew Legass, E-mail: habtamualebachew@ac.id

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ABSTRACT

This study examines the factors influencing consumer behavior in motor insurance policy purchases. It investigates the impact of demographic, cultural, social, economic, marketing, and psychological factors on consumer behavior. The research follows a quantitative approach, employing an explanatory and descriptive research design. Convenience sampling was used to select 384 respondents from a pool of 9,657 motor insurance policy users in Dessie Town, specifically from Awash, Global, Nib, and Nyala Insurance Companies. Data was collected through a questionnaire and analyzed using descriptive statistics and inferential analysis techniques such as t-tests, correlation, multiple linear regression, and one-way ANOVA. After the data collection, coding, recording, and analysis via SSPS 23 software. The findings indicate that demographic factors like age, gender, education, and religion do not significantly influence consumer behavior in purchasing motor insurance policies, except for income. However, variables such as attitude, awareness, perceived risk, and premium demonstrate a moderate relationship with consumer behavior. Regression analysis reveals that, except for attitude, the independent variables of awareness, perceived risk, and premium positively and significantly impact consumer behavior in motor insurance policy purchases.

Keywords: *Awareness, Consumer, Demographic Factor*

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INTRODUCTION

Consumer behavior is a dynamic and complex field that examines the factors influencing people's choices in purchasing products. The preference for high-quality services plays a crucial role in the success or failure of service industries. Service

providers must meet consumers' service expectations and outperform competitors to thrive in the industry (Singh & Choudhry, 2023). Understanding consumer behavior is important for marketers as it allows them to better comprehend consumers' buying habits and devise effective promotional strategies. This field encompasses the study of how customers select, consume, and dispose of goods and services, as well as their emotional, mental, and practical behaviors (Kee et.al, 2023).

Consumer buying behavior is influenced by external and internal factors, as highlighted by Wani (2019). External factors include cultural aspects like buyer culture, subculture, and social class, wherein cultural factors have the most significant impact. Subcultures represent distinct groups within a larger culture sharing unique characteristics. Social factors encompass reference groups, family, and roles and status. Internal factors comprise personal factors (age, education, occupation, income, lifestyle, and personality) and psychological factors (perception, motivation, learning, beliefs, and attitudes). The study of consumer behavior can be characterized across four dimensions: personal, psychological, social, and cultural. These dimensions offer insights into consumers' decision-making and engagement with products and services (Das and Rao, 2017).

Insurance, as a sub-sector of the financial industry, operates as a risk transfer mechanism, where individuals or entities transfer their risk exposure to insurers in exchange for payment of a premium (Tatek, 2018). The concept of risk is closely intertwined with insurance. Risk refers to the state of being exposed to adversity or the potential for unfavorable outcomes (Dsalegn, 2022). It represents a situation in which one faces potential hardship or the possibility of an undesired deviation from expected or desired outcomes. Insurance serves as a means to transfer risk from the insured to the insurer, protecting against negative financial losses for individuals and society as a whole (Kebede, 2022).

Auto accidents pose a significant threat in Ethiopia, resulting in fatalities, injuries, property damage, and loss of life on a daily basis. This necessitates the need for societies to share the financial burden of these losses (Abebaw, 2022). Although the insurance sector in Ethiopia is experiencing rapid growth, the motor insurance industry lags behind due to factors such as limited insurance awareness, ineffective marketing strategies, affordability issues, and insufficient investment in motor insurance products. As a result, the progress of the Ethiopian motor insurance industry has been relatively slow compared to more developed foreign counterparts (Dsalegn, 2022).

Transferring risks to an insurance provider is indeed a prudent decision as it helps mitigate potential financial losses. The insurance policy outlines the terms and conditions under which the insurance company will provide the insurance sum to the beneficiaries or the insured person. By purchasing insurance, individuals can safeguard their family's financial future (Sosina, 2019; Tatek, 2015; Abebaw, 2022). In this arrangement, individuals pay an insurance premium to the insurer in exchange for the insurer assuming the risk of potential financial losses arising from unforeseen events.

Insurance plays a crucial role in minimizing uncertainty and providing individuals with a sense of security (Magri, 2019).

The review of existing studies suggests that further research is needed to identify the factors that influence consumer behavior towards purchasing motor insurance policies. The current literature has primarily focused on demographic factors and awareness, leaving other potential determinants unexplored. Therefore, there is a need to conduct additional empirical studies that investigate factors beyond the ones previously considered. This study aims to extend the available data by incorporating variables such as attitude, perceived risk, and premium, which have not been adequately investigated in the context of motor insurance policy in Ethiopia. Previous studies in Ethiopia have primarily focused on non-life and life insurance policies, but this research specifically focuses on consumer behavior towards motor insurance policies. By addressing these gaps, this study aims to contribute to the existing knowledge on motor insurance in Ethiopia, specifically in the context of Wollo region. It also emphasizes the analysis of four insurance companies, namely Awash, Global, Nyala, and Nib, to further enhance the understanding of consumer behavior in the motor insurance sector. İn order to attain the above mentioned gaps, the main aim of this study is to investigate factor that affecting consumer behavior toward motor insurance policy in the selected insurance companies.

- HO: Demographic factors such as age, gender, income level, religion, and educational status have no significance differences in consumer behavior towards purchasing motor insurance policy.
- H1: Demographic factors such as age, gender, income level, and educational status have significant differences in consumer behavior towards purchasing motor insurance policy.
- HO Awareness, attitude, perceived risk, and premium have no significant influence on consumer behavior towards motor insurance policy.
- H2: Awareness has a significant relationship with consumers' behavior towards motor insurance policy.
- H3: Attitude has a significant relationship with a consumer’s behavior towards purchasing a motor insurance policy.
- H4: Premiums have a significant relationship with consumers' behavior towards purchasing motor insurance policy.
- H5: Perceived risk has a significant relationship with consumers' behavior towards the purchase of motor insurance policy

LITERATURE

Consumer behavior refers to the actions, decision-making processes, and behaviors exhibited by individuals or groups when selecting, acquiring, using, and disposing of goods, services, concepts, or experiences to meet their present and future needs and desires. It involves consumers making judgments based on information to assess the likelihood of a product satisfying their specific demands. Consumers engage

in activities such as product evaluation, price comparison, and consideration of quality, taste, advertising, and pricing, driven by their expectations and preferences. Understanding consumer behavior is crucial for marketers to influence purchasing decisions and effectively cater to consumer needs. It encompasses economic interests, social interactions, and the collection of actions and responses in the realm of consumption. By studying consumer behavior, marketers gain insights into how customers make choices, including the influence of factors like environment, reference groups, family, and salespeople.

Theories of consumer buyer behavior

The Theory of Reasoned Action, proposed in 1975 by Fishbein and Ajzen, explains human behavior based on attitudes and subjective norms. It posits that behavior is influenced by intentions, which are determined by attitudes towards the behavior and the perceived social pressure to engage in or avoid it. Attitudes reflect evaluations of the behavior, while subjective norms represent the influence of others. Situational factors can limit the impact of attitudes on behavior. The theory has been applied in various fields to predict and influence behavioral intentions and actual behaviors (Roy, 2022).

Maslow's Hierarchy of Needs Theory (1943) According to Maslow, a person's efforts to satisfy their physiological, social, spiritual, security, and self-realization needs are five fundamental wants that determine their level of fulfilment. Physiological needs include things like air, food, water, shelter, clothing, and rest. These items are all essential for human survival. Security requirements include personal safety, sound financial management, good health, and insurance against errors, harm, and their harmful impacts. Social needs also include friendships, connections, and relatives. Regarding needs, they include the need for respect and dignity, with the need for respect being significantly more important than the need to be respected and admired by others. A person's need to touch their full potential is related to their need for self-realization (Roy, 2022).

Pavlovan Learning Model (1897) The Russian physiologist Pavlov is shown as the learning model. What we mean when we say that is a shift in behavior that results from repetition and experience. There has been a realization. The three main elements of the learning process are drive, cues, and response. You are inspired by a drive-reducing item if you are propelled to action by a strong inside feeling. The drive is what motivates a person to take action in order to achieve their goals. Drives resulting from physiological requirements, such as thirst, hunger, pain, cold, sex, and so forth, can be passed down via families. The only weak stimuli are cues. Cues dictate the buyer's response time. It is the client's response to the good or service (Roy, 2022).

Fishbeins Multi-attribute Model (1973) Fishbeins Multi provides details on the benefits and features of the product line. This model does an excellent job of describing how customers evaluate brand alternatives and important characteristics. Before making a judgment about whether or not an object exhibits specific product characteristics, a user first considers certain product features. Attitudes towards the object are the only

characteristic, although they apply to all relevant qualities. The Fishbein's model is one that accounts for brand attitudes (Roy, 2022)

Type of motor insurance

According to the scope of their coverage, there are three categories of insured vehicles: comprehensive, third party, and third-party fire and theft (Desalegn, 2022).

Third party

Every car is required by law to carry third-party liability coverage. This protects you if you hurt someone else or damage someone else's vehicle. However, it won't pay for any injuries to you or damage to your own vehicle(Types of Car Insurance). For the policyholder's own car, it does not offer coverage. Typically, only people with low-value vehicles purchase this device to protect other drivers from harm.(Edosa, 2014).

Third party Fire & Theft Cover

This insurance is broader than the insurance type (a) mentioned above. Covering all risks included in the third-party insurance, as well as the property's extension of theft and fire coverage. First, Third-Party, and Fire & Theft Cover indemnifies the insured against loss or damage to the insured vehicle caused by fire, explosion, self-ignition, lightning theft, or attempted theft. Second, the insured is indemnified against legal liability for death or bodily injury to third parties and damage to third party property caused by the lawful use of the insured vehicle(Sreepada and Vijayalaxmi, 2015).

Compulsory third party (CTP) insurance

Comprehensive insurance: Other types of automobile insurance cover theft, collision, malicious damage, and weather damage in addition to vehicle damage. (Edosa, 2014).

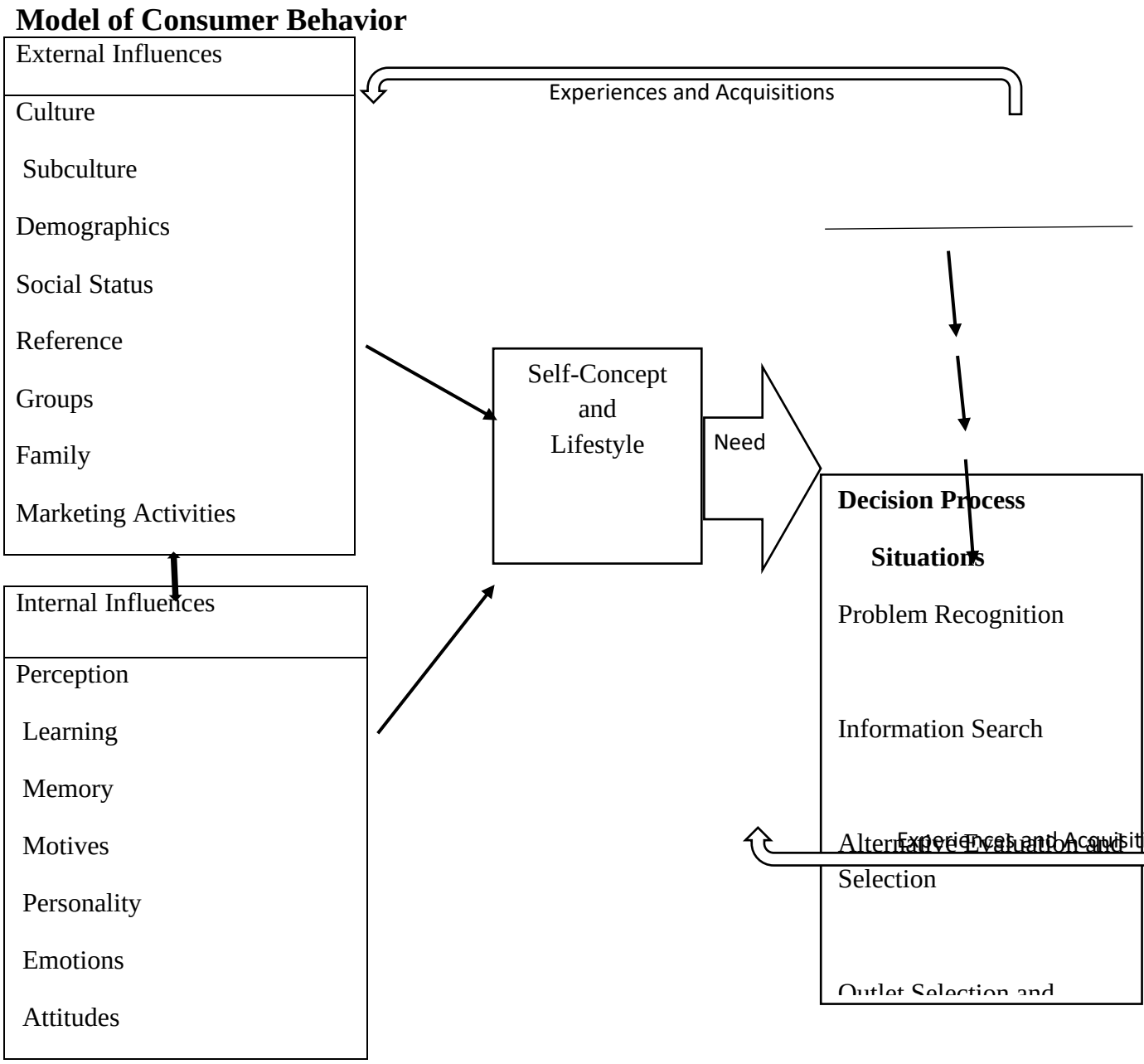

Figure1. Consumer behavior model

Source:(Hawkins&Mothersbaugh, 2010)

Factor affecting consumer behavior

Variables developed according to this model (Hawkins&Mothersbaugh, 2010)

Age and Consumer Behavior in Motor Insurance:

Age plays a significant role in consumer behavior. People's needs, preferences, and purchasing habits change as they grow older. For example, dietary preferences and health considerations vary with age. A 70-year-old diabetic patient would not typically buy high-calorie and sugary chocolates, while a 10-year-old child might be more inclined to do so (Wani, 2019).

The stages of the family life cycle, such as childhood, singlehood, newlywedhood, and motherhood, influence purchasing decisions. Marketers can create products that cater to the specific needs and preferences of each stage (Jisana, 2014; Ramya &Ali, 2017).

Gender and Consumer Behavior in Motor Insurance:

Gender influences consumer behavior. Societal changes have led to the acceptance of behaviors that were previously associated with a specific gender. Women, in particular, have adopted actions that were traditionally considered acceptable only for men (Hawkins&Mothersbaugh, 2010). Differences in life expectancy between men and women affect the demand for insurance. Men's shorter life expectancy increases the demand for insurance, as mortality risk is higher. Motor insurance prices can also be influenced by gender, with women sometimes paying less due to having fewer accidents, including those related to drunk driving (Asseged, 2015; Kebede, 2022).

Religion and Consumer Behavior in Motor Insurance:

Religion has a direct impact on consumer behavior, including choices related to insurance. Religious beliefs may involve avoiding certain items, such as alcohol, and preferring goods with a religious theme.

Different religious communities have varying views on insurance. Jewish religious scholars have expressed concerns about insurance going against God's will, but the majority find it acceptable in moderation. In Christian communities, there is a historical opposition to commercial insurance, although some members participate in community-based self-insurance programs. Some Christians perceive insurance as a lack of faith. Muslims view insurance as a form of riba (usury), but there are differing opinions, with some considering non-interest-based insurance as a form of riba and others arguing that insurance is not riba due to its actuarial nature (Temesgen, 2015).

Income and Consumer Behavior in Motor Insurance:

Income is a crucial factor in consumer behavior, including decisions related to motor insurance. The purchasing power of a family is determined by its income and total wealth. While credit can be used for purchases, the ability to do so ultimately relies on income and wealth, both current and past.

Disposable income, as well as a person's attitude, marginal propensity to save, and level of religiosity, all play significant roles in their decision to obtain insurance. Different perspectives on the relationship between individual work and wealth can influence people's opinions (Abenet, 2010). The ability to afford certain products has a substantial impact on consumer choices. Marketers of income-sensitive products closely monitor changes in personal income, savings, and interest rates. If economic indicators suggest a downturn, marketers may take steps to redesign, reposition, and reassess their products (Medhin, 2020).

Awareness and consumer behavior in motor insurance.

Awareness is the ability or state of realizing that something is happening or already exists (Abdi, 2021). Awareness is seen as a very reasonable aspect of influencing customers' buying decisions from an economic standpoint. Because of this,

businesses invest money in advertising campaigns aimed at spreading and raising awareness of a product or brand(KIDST, 2021).

Attitude and consumer behavior in motor insurance

Attitudes significantly influence consumer behavior in motor insurance. An attitude represents an individual's predisposition to judge something positively or negatively (Abdi, 2021; Birhanu, 2021). In the context of motor insurance, attitudes are formed through a combination of beliefs, feelings, and behavioral goals. These attitudes can be shaped by direct experiences, social environment, and individual observations. A person's attitude towards motor insurance affects their reactions and behaviors related to purchasing, utilizing, and engaging with insurance products (Abdi, 2021). Marketers in the motor insurance industry need to understand and address consumer attitudes by collecting state-of-mind data and analyzing responses, as attitudes are not directly observable but inferred from what individuals say or do. This understanding enables marketers to effectively target and engage their audience, tailor their offerings, and influence consumer behavior towards motor insurance products and services (Yusuf, 2020).

Premium and Consumer Behavior in Motor Insurance:

The premium, which is the amount paid by the insured to the insurer for insurance coverage, has a significant impact on consumer behavior in motor insurance. The pricing of premiums is determined by factors such as the conditions of the insurance contract and the calculated risk associated with the coverage (Khan,2014; Shimelis, 2015; Thomas 2002).

Consumers consider pricing, specifically the premium amount, when evaluating the value of insurance services they receive. The premium represents the cost incurred in exchange for the protection provided by the insurer. Consumer willingness to pay varies based on their individual needs and preferences, leading to differing perceptions of pricing for the same insurance product or service (Chitiyo, 2017).

Perceived risk and consumer behavior in motor insurance.

Perceived risk is a critical factor that influences consumer behavior in motor insurance. It refers to the uncertainty and potential loss that consumers associate with purchasing decisions (Vazirani et al., 2022). The different categories of perceived risk, such as time, functional, substance, financial, social, and psychological risks, play a role in shaping consumers' intentions and choices. Services, including insurance, are considered riskier than products due to their inherent characteristics, which increase uncertainty and perceived risk in consumer decision-making. Businesses can mitigate perceived risks to enhance their image and foster customer loyalty (Mitchell, 1999).

Consumers' acceptance of perceived risk has a direct impact on their financial transaction decisions, including the choice to purchase a car insurance policy. Perceived risk is subjective and based on individuals' expectations, influencing their behavior in the insurance market. Understanding and addressing consumers' perceived risks are

crucial for insurers to build trust and confidence, enhance customer satisfaction, and encourage insurance purchases (Chang & Pereira, 2023; Edosa, 2014).

The insurance market, as a financial intermediary and risk transfer provider, plays a vital role in promoting economic growth. By efficiently managing various risks, the insurance industry facilitates the accumulation of capital and mobilizes domestic savings towards productive investments. This activity not only supports economic growth but also contributes to the overall stability and resilience of the financial system (Vazirani et al., 2022; Arena, 2008; Mitchell, 1999).

Empirical studies

The study findings revealed that expense ratio, claims ratio and the size of a company significantly affect insurance companies' performance negatively. Whilst leverage and liquidity affect performance positively. Magri et al.(2019) An Analysis of the Risk Factors Determining Motor Insurance Premium in a Small Island State: The Case of Malta. There is scope to identify the risks presented by vehicles that Maltese insurance companies insure and which they use in the determination of the premium to be charged for motor insurance cover. This, by determining the most significant risk factors and the extent of their impact keeping an open mind to understand whether there are other risk factors, which are not currently being identified in the premium determination process. Kaya (2015) the effects of firm-specific factors on the profitability of non-life insurance Companies in Turkey. Based on the empirical results, the firm-specific factors affecting the profitability of Turkish non-life insurance companies are the size of the company, age of the company, loss ratio, current ratio, and premium growth rate.(Aziz, 2011) are investigated a study of contributing factors in Islamic motor insurance in Malaysia. This study emphasizes on four factors, which was product knowledge, awareness, advertising and benefit of the product. (Sayasonti, 2001)) Was aimed to identify the main factor affecting consumer behavior toward purchasing motor insurance policy in Thailand. This study was focus on the associations between demographic profiles which are gender, age, income, education and Awareness of the consumers.

Birhanu, (2021) assess factors affecting buying behavior of consumers towards non- life insurance products: in the case of Nyala insurance company Hawassa branch. The major objectives of this study was to investigate the effect of cultural, social, personal, psychological factors on buying behavior purchase non-life insurance decision. Ruth, (2019) assess factor affecting consumer attitude towards purchase of life insurance policy in Addis Ababa: case of Ethio life and general insurance share company. Life insurance is an important aspect of the social-economic development of the country. Despite its importance the attitude towards purchase of life insurance in Ethiopia is very low compared to other countries .The main intension of this study is to identify and inspect factors related to the demographic aspect and awareness in Ethio Life and General insurance share company Addis Ababa. Based on the literatures reviewed "age", "gender", "religion", "education" and "income " and "awareness " were identified. Sosina, (2019) examined factor affecting motor insurance claim processing

time. The aim of this study was examining the factors that affect motor insurance claim processing time in Awash Insurance Company S.C. The study has analyzed the effect of selected independent variables, which are assumed to have major impact on motor insurance claims processing time. The variables: competency of claims staff, customers' awareness of motor policy and competency of service providers were selected. N. N. Iwin, (2018) the factors influence on buying intention of life insurance policy. This thesis intends to analyze the customer attitude on life insurance policy in Yangon and analyze the influencing factors on customer's buying intention of life insurance policy in Yangon. Tatek, (2018) examine Assessment of factor affecting satisfaction of motor insurance customers: in selected insurance companies, Addis Ababa. The study is to analyze weather service quality, awareness of contract, amount of premium, timeframe of compensation, ways of compensation, location of branches and networked technology based service significantly affect motor insurance customers satisfaction of insurance companies. Mariam, (2015) examined determinants of insurance companies' profitability in Ethiopia. She examine as internal explanatory variables such as company size, leverage, liquidity, firm growth, age, volume of capital and tangibility are used, moreover, as external explanatory variables inflation and GDP are also used to examine the most determinants of profitability of insurance companies. M.Gebrewahid, (2015) Factors affecting the growth of life insurance in Ethiopia. The study aimed at identifying and analyzing the factors affecting the growth of life insurance business in Ethiopia. It was focused on growth of life insurance in respect of gross written premium of all life insurance companies in Ethiopia. The study was examine the independent variables like professional sales staff training, promotion of life insurance, affordability of life insurance product, and government regulations affect the Growth of life insurance. Edosa, (2014) assess motor insurance industry and its role in road safety in Ethiopia. The purpose of insurance goes beyond merely covering losses because it is a powerful tool for identifying, controlling, and lowering risk. By helping customers face up to and manage risk effectively, insurance is an extremely valuable part of modern society and the motoring experience. Motor insurance is a contract between the insured and the insurance company that protects against financial loss. Motor insurance is a difficult class of business to manage and the annual report from the insurance companies shows the Ethiopian motor insurance industry, that is relatively underdeveloped in comparison to that of other African countries, is highly suffering from the higher motor claims as a result of increment in cost of materials and payment for the victims. But, with the necessary plans and procedures in place, the rewards are there. Thus, the study attempted to identify how the motor insurance industry participates in road safety management activities and factors influencing its involvement in road safety.

METHODOLOGY

The study employed a quantitative research approach, which involved collecting and analyzing quantitative data from insurance policy users. This approach was chosen

because it allowed for the measurement of associations between dependent and independent variables. In terms of research design, the studies used a combination of descriptive and explanatory research design. Descriptive research design helped provide a comprehensive understanding of the research topic, while explanatory research design aimed to establish cause-and-effect relationships and determine how events occur and influence specific outcomes. The target population for these studies comprised customers who had already used insurance services from specific insurance companies (Awash, Nyala, Global, and Nib) in Dessie Town. The total population of the studies was 9,657 consumers from these four insurance companies. Convenience sampling was employed as the sampling technique, wherein cases for the sample were selected randomly from those that were easily accessible. This method was chosen due to its practicality and cost-effectiveness. The sample size was determined using the simplified formula developed by Yamane (1967), resulting in a sample size of 384. The studies used primary data, which was collected through questionnaires administered to the selected sample of respondents. Primary data is information that the study independently discovers and is aligned with the study's goals and research questions. For the purpose of this study, a quantitative methodology involving a closed-ended questionnaire was used as the measuring instrument. The Likert-type scale method was used for a range of responses: ‘strongly disagree’, ‘disagree’, "neutral, "agree, and "strongly agree, with a numeric value of 1–5, respectively. All used questions are developed from previous studies. Items related with attitude are adopted from the study of (Ruth, 2019 and Asseged, 2015) for risk they are developed from the study of (Sudhir, 2017 and Solomon, 2019). Items related with awareness are adopted from (Yetinayet, 2019 and Ruth, 2019). For premium (Fitsum, 2014; Asteway, 2019 and Beza, 2020) and Lastly, Items for consumer behavior were adopted from (Asteway, 2019 and Asnake, 2018). After the collection of every necessary data’s they are directly putted in to SPSS 23 to see the relationship between the dependent and independent variables.

Reliability

Reliability is a measure of internal consistency that concerns items responses being consistent across constructs and indicates scores are stable over time when the instrument is administered. (Genet, 2021). A measure's or a questionnaire's reliability refers to how consistently they should reflect the phenomenon they are intended to measure. In other words, a replicated test produced the same result regardless of the measurement device's performance. Internal consistency can be determined using a number of different techniques, with Cronbach's alpha being one of the most popular (Ruth, 2019). In order to ensure that the questionnaire was accurate and reliable, the study distributed a total of 38 questioners (10%) to the small sample of respondents who participated in the pilot survey.

No	Variable	Cronbach's Alpha	N of Items
1	Attitude	.752	7

2.	Perceived risk	.761	6
3.	Awareness	.778	6
4.	Premium	.854	8
5.	Consumer behavior	.803	7
6.	Total	.833	34

Background information of respondent

Variables	**Category**	**Frequency**	**Valid Percent (%)**
Gender	Male	306	82.7
	Female	64	17.3
Age	18-25	10	2.7
	26-35	84	22.7
	36-41	144	38.9
	42-50	97	26.2
	Above 51	35	9.5
Education	Primary school	106	28.6
	Secondary school	104	28.1
	Diploma holder	93	25.1
	First degree holder	45	12.2
	Master's degree	12	3.2
	Above Masters	10	2.7
Income	below birr 50,000	47	12.7
	Birr 50,001-100,000	96	25.9
	Birr 100,001-150000	118	31.9
	Birr 150,001-200000	76	20.5
	Over birr 200,001	33	8.9
Occupation	self-employed	287	77.6
	Employed	83	22.4
Duration of motor insurance consumer	Less than 3 years	45	12.2
	3-6 years	112	30.3
	6-9 years	133	35.9
	Above 9 years	80	21.6
Influence to purchase motor insurance	Advertisement	49	13.2
	Referral by a friend	73	19.7
	Advice of Agent	114	30.8
	No one influence me	88	23.8
	Other source	46	12.4
Religion	Orthodox	171	46.2
	Muslim	197	53.2

	Protestant	2	.5

Source: - Own survey 2023

The descriptive statistics show the majority of the respondents were male, which accounts for 82.7% of the total sample of motor insurance consumers. According to age, the majority of the respondents fell between 36 and 41, which accounts for 38.9% of the consumers. Generally, in the age group of consumers of motor insurance, there is a young category of 15–49. Concerning with educational level of the respondents were distributed in all education categories, from primary to above a master's degree. The majority of the respondents to this study fell into the categories of primary and secondary school, which account for 29% and 28% of the respondents, respectively. This data shows that more than 50% of the respondents were in primary and secondary school, but other categories account for less than 50% of the total. According to income categories, consumers whose monthly net income was between birr 100,000 and birr 150,000 were the most likely to purchase motor insurance. Most respondents were self-employed, which accounts for 77.6%, and only 22.4% were employed in another sector. Other descriptive statistical data on the duration of motor insurance consumers shows that the proportion is the same from less than three to above nine years. According to factors that influence the purchase of motor insurance, the percentage proportion is almost the same for advertisement, referral by a friend, advice from an agent, no one influencing me, and other sources. This study shows that the religion proportion of the respondents was almost equal between Muslims and Orthodoxies, with 46.2%, and 53.2%, respectively. But only a few protestant consumers purchase motor insurance.

Test of Hypothesis

For those factors associated with gender, age,education, religion and income level an independent test were conducted and the result of one way ANOVA depicts the following results. With respect to gender the tested value on the inferential analysis independent t test, it shows that the p value is greater than 0.05, which is 0.452, and according to the decision rules, the null hypothesis is accepted. This result indicates that there is no significant difference in the different gender category mean scores of the respondents to this study. And in turn, they were not buying motor insurance by taking into consideration their gender type, and this variable does not affect their consumer behavior for the purchase of the motor insurance policy. Additionally, difference in age type does not affect the consumer's behavior towards the purchase of motor insurance policy with a p value of 0.237. According to the decision rules, the null hypothesis is accepted. This result indicates that there is no significant difference in the different age category mean scores of the respondents to this study. And in turn, they were not buying motor insurance by taking into consideration their age type, and this variable did not affect their consumer behavior for the purchase of the motor insurance policy. difference in education type does not affect the consumer's behavior towards the purchase of motor insurance policy. According to the decision rules, the null hypothesis is accepted. This result indicates that there is no significant difference in the different education category mean scores of the respondents to this study. And in turn, they were

not buying motor insurance by taking into consideration their age type, and this variable did not affect their consumer behavior for the purchase of the motor insurance policy. The result obtained from income describes that there is a significant difference in the different income categories' mean scores among the respondents to this study with a p value of .010. And in turn, they were buying motor insurance by taking into consideration their income group, and this variable affected their consumer behavior for the purchase of the motor insurance policy. The difference in religion type does not affect the consumer's behavior towards the purchase of motor insurance policy. According to the decision rules, the null hypothesis is accepted. This result indicates that there is no significant difference in the different religion category mean scores of the respondents to this study. And in turn, they were not buying motor insurance by taking into consideration their age type, and this variable did not affect their consumer behavior for the purchase of the motor insurance policy.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.762[a]	.581	.576	.26318	.581	126.565	4	365	.000	1.678

a. Predictors: (Constant), Attitude , Awareness, premium, Perceived risk

b. Dependent Variable: Consumer behavior

Source: - own survey 2023

According to the model summary of multiple linear regression analysis, the r value of the model as per Table 4.12 was 0.762, which shows the highest degree of relationship between independent and dependent variables. The adjusted R2 value of the regression model was 0.576, indicating that 57.6 percent of the variance in consumer behavior was accounted for by attitude, perceived risk, premium, and awareness factors. The remaining 42.4 percent of variance in consumer behavior was not accounted for by attitude, perceived risk, premium, or awareness factors.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.157	.175		.900	.369
	Premium	.415	.035	.457	11.778	.000
	Awareness	.271	.037	.297	7.410	.000
	Perceived risk	.229	.041	.254	5.583	.000

	Attitude	.041	.044	.039	.928	.354

Source: - own survey 2023

According to the independent factors, since premium, awareness, and perceived risk ware's p-values are less than the alpha limit, which is 0.05, they have a statistically significant link with the dependent variable. The four independent variables' B coefficients both show a plus sign (+), indicating a favorable link with consumer behavior towards the purchase of motor insurance policy. This coefficient is a significant predictor of consumer behavior towards buying motor insurance. Which value of premium (0.415), awareness (0.271), and perceived risk (0.229).

Regression equation:

Y= Bo+B1X1+B2X2+B3X3+B4X4

Where: -

Bo = point of intercept

Y = consumer behavior

X1 = Premium (PRM)

X2 = Awareness (AWS)

X3 = perceived risk (PRK)

X4 = Attitude (ATTD)

CBR = 0.157+0.415*PRM+0.271*AWS+0.229*PRK+0.041*ATTD

4.8.1. Hypothesis testing

Table 4.21:-Hypothesis summary

		Hypotheses	**Result**
H1	Age	Age has significant differences in consumer behavior towards purchasing motor insurance policy.	Rejected
H2	Gender	Gender, have significant differences in consumer behavior towards purchasing motor insurance policy.	Rejected
H3	Income	Income level has significant differences in consumer behavior towards purchasing motor insurance policy.	Accepted
H4	Religion •	Educational status have significant differences in consumer behavior towards purchasing motor insurance policy.	Rejected
H5	Education	Educational status has significant differences in consumer behavior	Rejected

		towards purchasing motor insurance policy.			
H6	Awareness	Awareness has significance relation with consumer's behavior toward motor insurance policy.	Positive	β = 0.271, p < 0.05	Accepted
H7	Attitude	Attitude has significance relation with consumer's behavior toward purchasing motor insurance policy.	Positive	β = .041, p > 0.05	Rejected
H8	Premium	Premium has significance relation with consumer's behavior towards purchasing of motor insurance policy.	Positive	β = .415, p < 0.05	Accepted
H9	Perceived risk	Perceived risk has significance relation with consumer's behavior towards purchasing of motor insurance policy.	Positive	β = .229, p < 0.05	Accepted

Source: - own survey 2023

To examine the factors of consumer behavior variables used to purchase motor insurance policy, which were demographic factors (age, gender, education, and income), attitude, awareness, perceived risk, and premium, all of the variables and corresponding measures used in this study are supported by theory taken from the literature. A total of 370 motor insurance consumers responded to the questionnaire, and the data was analyzed using descriptive statistics, including frequency, percentage, mean, and standard deviation. Additionally, inferential statistics like the Independent Samples T Test, ANOVA, multiple linear regressions, and correlation were applied. The result of all statistical tools is summarized below:

Summary

Independent Samples T Test and ANOVA results of demographic factors such as age, gender, income level, and educational status are shown below. Independent T test of gender of males and females, which is not a significant difference where the significant level is greater than p value 0.05, which is 0.452 (P = 0.452, 0.452 is greater than 0.05). This shows that the difference in gender type does not affect the consumer's behavior towards the purchase of a motor insurance policy. And in the ANOVA results for age, gender, religion and educational status, there was no significant difference where the significant level was greater than the p value in all variables. This shows that the difference in age, gender, and educational status does not affect the consumer's behavior towards the purchase of motor insurance policy. According to the decision rules, the null hypothesis is accepted. But in ANOVA, the income in the p value is less than 0.05; this result describes that there is a significant difference in the different income categories.

The result of correlation and regression analysis of attitude, perceived risk, awareness, and premium show. The correlation of premium, awareness, perceived risk, and attitude have intermediate and positive correlations with consumer behavior toward purchase motor insurance.

In regression analysis, assumptions of normality, linearity, homoscedasticity, multi-collinearity, **autocorrelation,** and reliability were checked, and the data were accurate. In the ANOVA table, the multiple linear regression model itself is statistically significant (P less than 0.05). Factors like premium, awareness, and perceived risk had p values less than the alpha limit, which is 0.05, and the coefficient of B was positive in all variables. They have a statistically significant effect on consumer behavior. But only attitude was insignificant (P greater than 0.05).

The main objective of this study ware factors affecting consumer behavior toward purchasing motor insurance policy. This study over view the significant difference of demographic factors like age, gender, religion, income and educational status. Age, gender, religion, and educational status ware not had significant difference with consumer behavior toward purchase motor insurance policy. But income factor had significant difference with consumer behavior.

Other study objectives like attitude, perceived risk, awareness and premium had significant relation with consumer behavior toward use of motor insurance policy. And also have positive and intermediate relation with dependent variable.

Recommendation

Based on the study findings, precise recommendations for motor insurance companies are as follows: Firstly, the company should strategically tailor premiums and offerings based on income groups to attract new consumers. Secondly, effective management and mitigation of perceived risk should be prioritized, ensuring the company's promise to compensate for losses and enhancing customers' trust. Thirdly, a strong focus on raising awareness and providing comprehensive information about services, such as branch locations, premium charges, and benefits, will help the company stand out in the competitive market. Lastly, offering competitive pricing, considering consumer willingness and affordability while balancing it with value-added benefits, will attract new customers. By implementing these recommendations, motor insurance companies can effectively target income groups, manage perceived risk, raise awareness, and provide competitive pricing, resulting in improved consumer behavior and market position.

Limitation and future area of the study

Finally, the study sample is mainly focused on Dessie Town's customers of motor insurance. Therefore, future studies should take samples from other towns and cities customers. And also, in order to control the span of the study, physiological factors like (motivation, perception, and personality) location of insurance are not included in this study, so it is better for future study’s to include the above-listed factors

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