National University of Science and Technology

Think in Other Terms

FACULTY OF COMMERCE

DEPARTMENT OF INSURANCE AND ACTURIAL SCIENCE

MSC RISK MANAGEMENT & INSURANCE **(MRI)**

TITLE OF DISSERTATION

An appraisal of the relevance of traditional life assurance products post hyper-inflation and dollarization in Zimbabwe

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Abstract

Life insurance has from Roman times played a pivotal role in providing protection and financial security through savings covering contingencies which include death, disability, illness and retirement and these are the pillars to the need for life insurance. Traditional life insurance products such as the whole life, term assurance and endowment have been sold the world over for centuries and in Zimbabwe for decades. The economic hardships experienced in Zimbabwe between the period 2000 and 2008 culminated in hyper-inflation which eroded policy values and benefits of life insurance policies. Having gone through this difficult phase, after dollarization, the life insurance industry reintroduced the traditional life insurance products onto the market in 2009. The demand for these products has over the years however remained low as evidenced by the low penetration rate in comparison to prior hyper-inflation levels and current world and regional levels. The low demand brings a question of the relevance of the traditional life insurance products post hyper-inflation and dollarization. This paper investigated the relevance of the Term Assurance, Whole Life and Endowment products in meeting the needs of the consumers of life insurance in Zimbabwe post hyper-inflation and dollarisation. Using Zimbabwe as the case study through the administration of a questionnaire to the adult population in Harare with a stratified sample of 100 respondents. Quantitative data was collected and analysed using the SPSS statistical analysis software and hypothesis testing was performed using the Pearson chi-square method. The results obtained implied that the traditional life assurance products in their nature and characteristics post hyper-inflation and dollarisation do not suit the needs of the life insurance consumers and are not relevant.

Key words: Relevance, life insurance, traditional products, demand, post hyper-inflation, dollarisation