Measuring the Business Success of Micro-insurance in South Africa

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ABSTRACT This article reports on the business success of the microinsurance (MI) industry in South Africa. This was achieved by applying a theoretical model to measure the MI’s business success. More specifically, the theoretical model identified the influencing factors determining business success and their respective measuring criteria. These influencing factors and criteria were empirically validated and subjected to reliability analysis. The invalid criteria were eliminated and the unreliable influencing factors omitted in order to validate the theoretical model. The final validated model and its inherent structured questionnaire were employed as measuring tool to determine the business success of MI in South Africa. The questionnaire comprised a demographical profile and the measuring criteria pertaining to the influencing factors of business success on a 5-point Likert scale. A total of 261 responses were analysed from a random sample of 400 insurance agents. The results showed that none of the influencing factors portrayed general satisfaction on business success and all of the mean values were below 60%. Therefore, the conclusion is drawn that business success is not satisfactory in the MI industry. Catastrophic failure at price, as a core element of the marketing mix, shows that business success in this market is difficult to secure and that astute marketing and business strategies would have to be employed for insurance to become a product of choice for the low-end market. All of the influencing factors need managerial intervention.