

2019

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Minani, I.(2019). Effect of partner-agent model practice on microinsurance client-value dimensions in Tanzania, PhD dissertation. University of Dar es Salaam. Dar es Salaam
<http://41.86.178.5:8080/xmlui/handle/123456789/15625>

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Effect of partner-agent model practice on microinsurance client-value dimensions in Tanzania

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The Partner-Agent Model (PAM) practice has significantly enabled the delivery of a variety of loan-embedded microinsurance products or PAM microinsurance, to low income people in Tanzania. Despite such an achievement, less is still known about the effect of PAM practice on PAM microinsurance client-value dimensions in Tanzania. The overall objective of the study was to examine the effect of PAM Practice on PAM microinsurance client-value dimensions in Tanzania. Specifically, the study sought to assess the status of PAM Practice and the appropriateness, accessibility, affordability and the responsiveness of PAM microinsurance, as well as to examine the effect of PAM Practice on the four dimensions of PAM microinsurance in Tanzania. The study was informed by three theories, namely the Partnership and Alliance Theory (PAT), the Transaction Cost Theory (TCT) and the Information Asymmetry Theory (IAT). The correlational research design, the stratified and purposive sampling techniques were used to collect quantitative data from 229 MFIs (n – 229) operating in 10 regions of Tanzania. Frequency percentage, bar charts, the mean and the standard deviation were used to present descriptive data. Furthermore, the hierarchical regression analysis and the structural equation modeling analysis were used to examine the effect of PAM Practice on PAM microinsurance client-value dimensions. The descriptive analysis results show that the PAM Practice and microinsurance client-value dimensions are still scoring low in Tanzania. Consistent with both the Partnership and Alliance Theory and information Asymmetry Theory, the multivariate analysis results exhibited a significant positive effect of PAM Practice on PAM microinsurance appropriateness, accessibility, affordability and responsiveness. As such, the results refuted earlier studies' tenet that PAM Practice impedes PAM microinsurance affordability. Conversely, the study suggests an extension of the Transaction Costs. The study suggests an extension of the Transaction Cost Theory by adding the cost of MFI's risk to lose clients (in case a partner behaves opportunistically) to the list of earlier identified transaction costs. The study recommends an improvement of PAM Practice through periodic meetings between MFIs and Insurance companies in order to enhance microinsurance client-value.