



Investigating factors that influence property insurance purchase decisions of non-urban homeowners in South Africa.

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ABSTRACT

The uptake of property insurance among homeowners in South Africa remains low despite the increasing risks associated with property damage and loss. This study examines key factors influencing the decision to purchase property insurance in non-urban areas, focusing on affordability, trust in insurance providers, awareness, knowledge, service culture, religious beliefs, and the availability of suitable insurance products. Additionally, the study aimed to establish whether rural homeowners are willing to purchase property insurance in South Africa.

A close-ended questionnaire including yes/no, Likert scales, category questions, ranking questions, and multiple-choice formats was distributed to participants. Participants were selected through convenience sampling, a non-probabilistic method based on accessibility, location, and willingness to participate.

The findings reveal that lack of trust in insurance companies, high insurance policy costs, and limited knowledge about property insurance are the top barriers to adoption. Additionally, poor service culture and few suitable products were identified as contributing factors. Interestingly, religious beliefs had minimal impact, and most participants disagreed that religion influenced their decision.

Most of the participants indicated that they are willing to purchase property insurance if their pain points are addressed. Majority of the participants are only willing to pay between low amount of money, indicating that affordability is a significant concern for a substantial portion of respondents.

These findings underscore the need for insurance companies to rebuild trust, develop affordable and tailored products, improve service delivery in non-urban areas, and enhance public awareness about the value and mechanisms of property insurance.

KEYWORDS

Insurance, property, factors, rural, households, South Africa, homeowners

DECLARATION

I, Tebogo Gloria Molefe, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Tebogo Molefe

A handwritten signature in dark ink, consisting of a large, stylized 'T' followed by a cursive flourish.

Signed at Pretoria

On the 06th..... day of January..... 2025

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DEDICATION

This work is lovingly dedicated to my precious daughter, Kenya Molefe. Your endless curiosity, boundless energy, and unwavering love have been my greatest source of inspiration. Every step of this journey has been motivated by the desire to create a better future for you and to show you that with determination and passion, anything is possible.

May this work remind you to always follow your dreams, embrace learning, and know that you can achieve greatness.

You are my greatest achievement and my eternal motivation.

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LIST OF ACRONYMS

SAPS- South African Police Services

SPSS- Statistical Package for Social Sciences

STATS SA- Statistics South Africa

CHAPTER 1. INTRODUCTION

1.1 Statement of purpose

South Africa is divided into urban and non-urban (rural) areas. South African rural areas encompass tribal regions, commercial farms, and informal settlements that are outside urban areas (Statistics South Africa, 2001).

The property owners in urban areas mostly finance their properties through banking institutions and are therefore mandated to purchase property insurance. However, for rural homeowners, the onus is on them to purchase insurance and if they do not, they are often vulnerable when disaster strikes. There has been an increase in bad weather condition which result in families losing their homes with no means to rebuild. The first question posed is whether the family had insurance and if, not, why? This research was conducted to investigate factors that influence purchase decisions of rural homeowners regarding property insurance in South Africa and determine their willingness to purchase property insurance.

1.2 Background of the study

Insurance reduces the risk by allowing households to swap the uncertainty of potentially large losses for the certainty of paying small, regular premiums (Brown & Churchill, 1999). Insurance safeguards the assets of its policyholders by transferring risk from an individual or business to an insurance company (Hartwig, 2010). According to (Staff, 2024), insurance protects you and your family from financial difficulties, reduces financial stress and allows you to focus on recovering from loss instead of worrying about finances should something happen.

The African insurance sector is significantly underdeveloped, with low insurance penetration rates (2.8%) compared to global standards (7%)

(PriceWaterCoopers, 2018) (Bah & Abila, 2022). This low penetration can be attributed to lack of awareness about the importance of insurance, high costs of insurance products, widespread mistrust of the industry, and the dominance of traditional distribution channels (Cheteni, Matsongoni, & Umejesi, 2024).

South Africa dominated the African insurance market with a penetration rate of 16.99% (PriceWaterCoopers, 2018). The dominance arose from highly competitive and mature multi-channel distribution strategies, which were backed by strong institutions and a stable regulatory environment, unlike the rest of Africa (PriceWaterCoopers, 2018).

South Africa's non-life insurance which included property, transport, and trade insurance dominated (\$9.3 billion) the African non-life insurance market in 2019 (Signe, 2020). In 2012, the property business line held the second largest share (35%) of non-life premiums in South Africa (Alhassan & Biekpe, 2016). Despite this, South Africa's global share (0.43%) of non-life insurance premiums was low (Singh & Patra, 2020).

The low penetration rate of 0.43% indicates that people are not participating in the non-life insurance sector as they should, despite the various risks and losses affecting individuals, particularly, non-urban homeowners. Hence, understanding the factors that drive property insurance purchases is crucial for the industry to cater to potential customers' needs and attract new clientele.

The 2022/2023 South African Police Service (SAPS) crime statistics report showed that there were 163 493 burglaries at residential premises and 23 065 robberies at residential properties in South Africa. The crime levels in the country are high and most households are vulnerable. Vulnerability is described as the ability of individuals and households to deal with risk (Cohen & Sebstad, 2005).

Both households in urban and rural areas are vulnerable to crime and other events that poses a risk to them and their properties. Also, the South African property insurance industry presents both opportunities and challenges for

insurers wishing to grow into non-urban areas. High-risk exposures like floods and fires emphasize the necessity of insurance, yet uptake is still low because of a combination of socioeconomic and psychological factors.

Additionally, the South African rural areas encompass tribal regions, commercial farms, and informal settlements that are outside urban areas (Statistics South Africa, 2001). The property owners in urban areas mostly finance their properties through banking institutions and are therefore mandated to purchase property insurance. However, for rural homeowners, the onus is on them to purchase insurance and if they do not, they are often vulnerable when disaster strike. Recent initiatives like microinsurance and community-based insurance models have tried to close these gaps, although it's unclear how effective these are in non-urban settings. By looking at these issues, strategies that could increase insurance accessibility and appeal for homes outside of urban areas can be identified.

Therefore, it is important to understand what factors influence insurance purchase decisions of property owners in rural areas and develop strategies to overcome the barriers.

1.3 Research Problem

The decision to purchase property insurance is essential for reducing the risks that come with owning a home, especially in areas that are vulnerable to crime, natural disasters, and other unanticipated circumstances. This is vital for rural communities since they are exposed to several risks including property loss due to theft or fire, natural and man-made disasters (Kotharkar & Rane, 2022).

However, there is poor property insurance culture in South Africa and the government is unable to assist all the time when risky events occur resulting in displaced families with no shelters and means to rebuild. As a result, there is a

need to investigate what drives homeowners, particularly non-urban areas to purchase property insurance in South Africa.

Insights from the literature suggests that scholars have given attention to the factors driving the purchase of property insurance for homeowners, particularly in urban areas in other contexts ((Mathur & Paul, 2024) (Bhatia, 2024) (Ali & Chua, 2023)). However, there is relatively little literature investigating factors that influence property insurance purchase decisions of rural households in South Africa. Previous efforts have sought to understand the factors that affect the adoption of non-life insurance (Cheteni, Matsongoni, & Umejesi, 2024). Research conducted that relates to rural residents focused on low-income earners and microinsurance which is designed for low-income households, small medium enterprises, and farming. Other studies have investigated insurance policies that are Agri-oriented such as crop and livestock insurance (Skejana, 2023), but little has been said about rural comprehensive home insurance

Bester et al. (2009) found that funeral insurance is the most prevalent financial product in South Africa's low-income market, while other products like household structure and contents insurance, asset insurance, and personal accident cover have been less successful, especially in rural areas, though the reasons for this were not explored. Huneberg (2022) noted similarities between the populations of India and South Africa regarding poverty, rural demographics, and low literacy rates. However, the assumption that rural areas are universally poor, uneducated, and disadvantaged is misleading, as some rural regions exhibit both wealth and poverty (Chigbu, 2013; Skejana, 2023).

This assumption excludes rural communities from accessing financial services and the insurance companies are also missing out on potential customers. Additionally, this affects the sustainability and conservation of the individual property assets. It is therefore important to examine the factors that influence rural homeowners' property insurance purchase decisions. This paper provides

useful information to stakeholders in the South African insurance industry and contribute significantly to the literature on rural insurance in South Africa.

The purpose of this study was to determine the factors that influence purchase decisions of rural homeowners regarding property insurance. This contributes to the body of knowledge in terms of rural property insurance, the kind of challenges that must be addressed to create an insurance culture amongst rural owners and obtain an understanding of the needs of the rural communities.

1.4 Research objectives.

- To determine factors that influence property insurance purchase decisions of rural homeowners in South Africa.
- To establish whether rural homeowners are willing to purchase property insurance in South Africa.

1.5 Research questions.

- What are the factors influencing property insurance purchase decisions of rural homeowners in South Africa?
- Are rural homeowners willing to purchase property insurance in South Africa?

1.6 Significance of study

The study contribute to policymaking, practice, and research. In research, the study is adding to the existing body of knowledge on rural insurance, attitudes towards insurance products, and intention to purchase insurance products. In practice, the study provides insights and recommendation to insurance providers to understand the decision making of rural homeowners regarding property insurance.

In policy, the study provides information to the government to promote insurance amongst rural dwellers and implement necessary changes for rural dwellers to be able to access insurance. The study is valuable to the insurance industry as it provides insights into the insurance products that they can adopt to meet the needs of rural homeowners and enhance performance of the industry.

1.7 Delimitations of the study

The study only focused on property insurance in rural areas in South Africa. Most of the houses in urban area have insurance as they are financed through banking institutions which require insurance certificate prior to approving the mortgage.

1.8 Definition of terms

Risk: the unpredictability and severity events and their consequences (or outcomes) related to an activity concerning something valued by humans (Aven & Renn, 2009).

1.9 Assumptions

The assumption is that the respondents responded to the questionnaires truthfully enabling accurate analysis. The level of honesty exercised by the respondents enabled the researcher to address the objectives better and contribute meaningfully to the study.

1.10 Chapter Outline

This research is structured as follows:

- i. The paper, firstly, introduced the study, provided background of the insurance industry in Africa and South Africa and the risky events South African households are exposed to.

- ii. Secondly, literature review was performed based on publications, particularly peer reviewed journal articles and dissertations researching the area of interest.
- iii. The research techniques that were adopted for data collection were discussed in chapter three.
- iv. Chapter 4 which includes analysis, interpretation, and discussion of the results of the study was conducted.
- v. Lastly, chapter 5 drew conclusions based on the analysis performed.

1.11 Conclusion:

It is important to understand what factors influence insurance purchase decisions of property owners in rural areas to be able to develop strategies to overcome the barriers. The next section examines the literature from other scholars to gain insights and knowledge regarding property insurance.

CHAPTER 2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK:

2.1 Introduction

The purpose of this chapter is to critically review existing academic literature regarding non-urban households' and property insurance and gain knowledge on the factors that may influence property insurance purchase decisions. Many of the studies related to property insurance were conducted in other countries, therefore, major themes and topics may be identified, trends and patterns may also be identified to establish the factors in South African context.

This chapter is structured as follows 1) definition of concepts 2) review of articles that provides knowledge on the objectives of the study 3) analytical framework 5) conclusion of the literature review.

2.2 Definition of concepts and terms

Insurance: a social or commercial mechanism that offers financial compensation for the impact of misfortune, with payments drawn from the pooled contributions of all participants in the scheme (Liedtke, 2007).

Property insurance: comprehensive policy covering both building property and contents insurance. Contents are insured for the same risks the building is insured against (Diacon & Carter, 1992) (Naude, Mostert, & Mostert, 2011).

Decision making: a cognitive process that includes the mental activities that decides what people will do to release a condition of tension brought on by a desire (Mooij, 2019).

Factor: according to Merrie Webster dictionary, a factor is a fact or influence that contributes to a result.

Rural areas fall outside of legally proclaimed urban areas, and include commercial farms, small settlements, and rural villages (Statistics South Africa, 2001).

2.3 Theoretical Literature

It is important to understand the South African rural insurance market and the needs that South African have regarding insurance to safeguard them against adverse conditions and loss/ damage of property.

2.3.1 South African insurance market

The South African insurance market is one of the most developed in Africa and plays an important role in the country's financial system and economic stability. Theoretical literature around this market focuses on regulatory and institutional theory which focuses on how regulatory frameworks, such as treating customers fairly shape organizational behaviour. The institutional theory provides a useful framework for understanding how insurers adapt their operations , strategies, and practices in response to formal and informal institutional forces.

The theory of Planned Behaviour provides a valuable framework for understanding South African consumer behaviour in the insurance sector especially regarding insurance uptake, renewal and, claims behaviour. Many South African, particularly in rural areas, may view insurance negatively or perceive it as unnecessary cost rather than a long-term benefit (attitude towards insurance products). Social influence might play a big role in the South African Market where family members, friends view of insurance might influence individuals to decisions regarding insurance.

Per KPMGs insurance industry survey 2024, the overall operating environment was not conducive to insurance growth, with weak economic growth persisting in South Africa. Socio-economic tensions persisted, emphasising the need for a

deeper understanding of the socio-political and economic drivers driving the unrest. Over the past few years, South Africa saw an increase in destructive weather events such as floods, storms and heavy rains, particularly in Western Cape and Kwa-Zulu Natal regions.

The increasing frequency and severity of natural disasters requires discussions around the need for better home insurance policies.

2.4 Empirical Literature

In this section, a review of studies conducted on property insurance in non-urban areas and willingness of participants to purchase products is presented. There has been little work performed on property insurance in African countries and very few on an international scale. The previous studies were conducted in Nigeria, China and Lithuania. In the next section, previous studies performed on factors influencing purchasing property insurance are discussed.

To determine factors that influence rural households' property insurance purchase decisions in South Africa.

Previous studies conducted in other countries highlighted factors that have a relationship with purchase intention of non-life insurance. (Ulbinaitė, Kucinskiene, & Moullec, 2013) determined the factors influencing consumers' intention to purchase non-life insurance, included acceptability of policy terms, the insurance providers skills, financial attitude towards insurance, insurance experience satisfaction, and the ability to lower the premium.

In their study, (Olaleye & Adegoke, 2009) showed several issues including the nation's religion, industry fraud and criminal activity, and a deficient customer service culture, are threatening the insurance business's ability to expand and thrive in Nigeria. (Kiyak & Pranckeviciute, 2014) discovered that the high costs of

insurance products, the ambiguity of insurance product terms, and negative perceptions were deterrents to buying insurance products in Lithuanian.

Emilefo (2003) emphasized that the lack of an insurance culture in Nigeria is caused by a high illiteracy, ignorance, poverty, religious and sociocultural attitudes, and a negative perception of the insurance sector. The rate at which insurance is adopted is influenced by many factors, some of which are negative public impressions, product and insurance knowledge, and cultural and religious considerations (Africa Insurance market, 2020).

The findings of the study of (Omar, 2007) showed that the greatest deterrent to buying non-life insurance was lack of trust in the insurance providers. Low take-up of insurance pilots has been observed repeatedly in developing nations due to limited liquidity, ignorance of the product, or lack of trust in the insurance firm (Ceballos & Robles, 2014).

A study has not been conducted to understand the factors that influence purchase decisions of rural households in South Africa. Rural comprehensive home insurance in South Africa continues to lag other forms of insurance such as life, credit life insurance and funeral cover (Skejana, 2023). Despite the significance of insurance, the advantages it offers hinges on people's perception and attitude towards it (Olaleye & Adegoke, 2009).

This was evident in the response rate from the study that (Olaleye & Adegoke, 2009) performed. They administered questionnaires to 485 homeowners through systematic random sampling technique and only 124 (25.57%) of responses were received. They indicated that this was not unexpected and is consistent with the encounter most researchers have in Nigeria.

Lately, unexpected extreme weather with devastating effects on agricultural production and rural livelihoods are experienced. The earnings and general well-being of rural communities can be adversely affected by weather risks, which are made worse by lack of resources to manage these risks (Ceballos & Robles,

2014). The increasing frequency of severe weather incidents and the rising prominence of natural hazards are prompting the public to call for tangible measures to be taken (Ceballos & Robles, 2014).

Property insurance provides financial assistance to individuals affected by any unforeseen misfortune or physical damage to their properties, helping to alleviate the uncertainty and unexpected setbacks they may encounter (Olaleye & Adegoke, 2009). Formal risk-sharing arrangements make use of the idea in a sufficiently large population, only some members may be negatively impacted by the risk (Ceballos & Robles, 2014).

By understanding insurers perspectives, comprehending their needs and behaviours within the insurance market, insurance firms can implement impactful marketing strategies and measures to encourage potential insurers to purchase insurance or change their behaviour towards the direction desired by insurers (Kiyak & Pranckeviciute, 2014). Insurance literacy is currently recognised as one of the most important hurdles to overcome (Chummum, 2012).

In many other African nations, it seems a culture of insurance has not fully penetrated, especially among individual homeowners (Olaleye & Adegoke, 2009). Access to life and non-life insurance varies significantly throughout the African insurance market (Chib, 2017). Factors such as ignoring hazards and depending on family for support in times of need prevent insurance purchases (Krajaechun & Praditbatuga, 2019).

The cost incurred in addressing enforcement challenges and asymmetric information issues increase insurance prices above what households are willing to pay (Hoogeveen, 2001). The costly fees that insurers bear to connect with low-income individuals in the most remote villages, suburbs, and locations raise the transactional costs of microinsurance products and exert pressure on policy prices (Chummum, 2012).

Africa's predominantly untapped rural insurance market now benefits from mobile phone accessibility, enabling insurers to directly engage with its clientele (PriceWaterCoopers, 2018). According to Census 2022 conducted by the South African Statistics (Stats SA), only 21.1% of South Africans have no access to internet (Stats SA, 2023). Information asymmetry cannot be used as an excuse for absent insurance services in rural areas when 78.9% of the population have access to the internet.

Furthermore, the Census also revealed that 92.1% of South Africans have a cell phone therefore access to information for rural communities has improved relative to the previous years (Stats SA, 2023).

Figure 8.23: Percentage distribution of households with no access to internet by province, Census 2011 and 2022

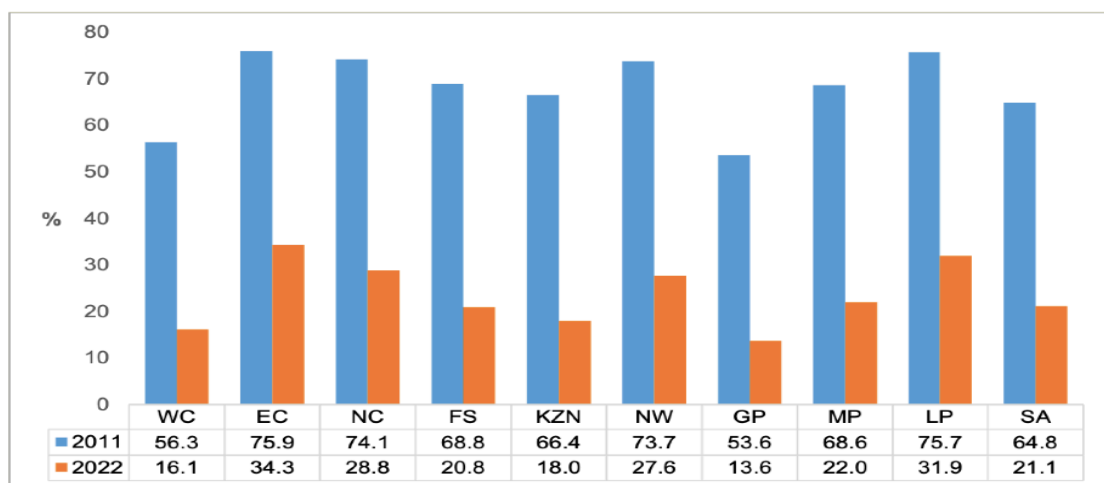


Figure 1: Percentage distribution of households with no access to internet by province (Stats SA, 2023).

Figure 8.19: Percentage distribution of households by ownership of household goods, Census 2001–2022

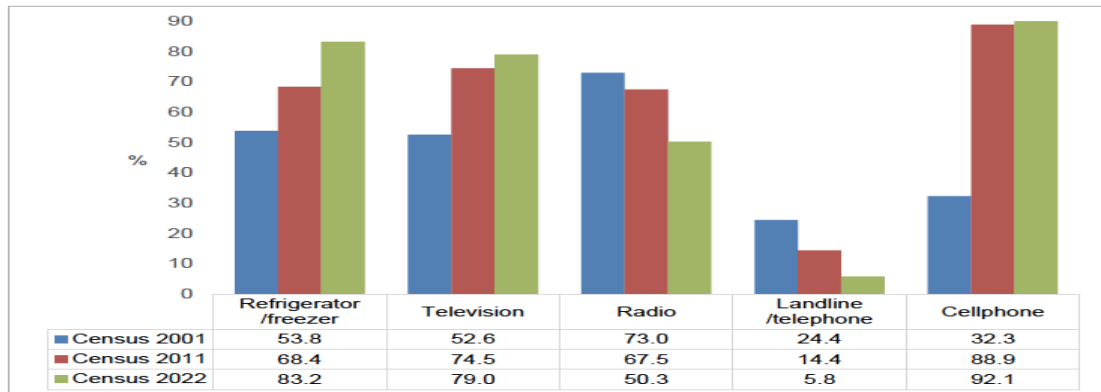


Figure 2: Percentage distribution of households by ownership of household's goods (Stats SA, 2023).

Homeowners may not trust the insurance company's assurance to compensate them for any losses that may occur (Hoogeveen, 2001). Typically, policyholders lack confidence in the insurer's commitment to disbursing claim when a claim is made (Chummum, 2012). Educating clients about the advantages of insurance is a crucial element for the success of any microinsurance provider (Chummum, 2012).

Low-income households typically encounter limited awareness and a lack of financial literacy. Insurers are often seen by the market as prompt in collecting premiums but slow in processing claims. Individuals buy insurance based on their needs, choosing a policy that best meet those needs (van Huyssteen & Rudansky-Kloppers, 2023). The identification of needs, gathering information, weighing options, deciding, and acting after the purchase are the general phases in the consumer decision-making process (van Huyssteen & Rudansky-Kloppers, 2023).

Africa's low level of non-insurance demand raises questions about the continent's commercial and economic development (Cheteni, Matsongoni, & Umejese, 2024). Therefore, factors considered in this study include lack of knowledge on insurance, insurance policy cost, lack of trust in insurance companies, lack of

insurance products for rural households, liquidity constraints, religious beliefs, poor service culture and illiteracy according to various scholars.

2.5 ANALYTICAL FRAMEWORK

The theoretical and empirical concepts of the study are comprehensively summarised in the analytical framework.

- ***Conceptual Framework***

To help with the data gathering process and answer the research questions posed in chapter 1, a conceptual framework was created based on the lessons from the literature review. The factors highlighted in table 1 below were highlighted in the literature reviewed as the factors that influence the rural homeowners' decision to purchase insurance. For this study, these factors were investigated as the potential factors that influence purchase decisions of rural households in South Africa.

H_1 : Factors (lack of knowledge of insurance policy, insurance policy cost, lack of trust in insurance companies, few suitable insurance products for rural homeowners, cash constraints, illiteracy, religious beliefs, poor service culture) have a significant influence on rural households' property insurance purchase decisions.

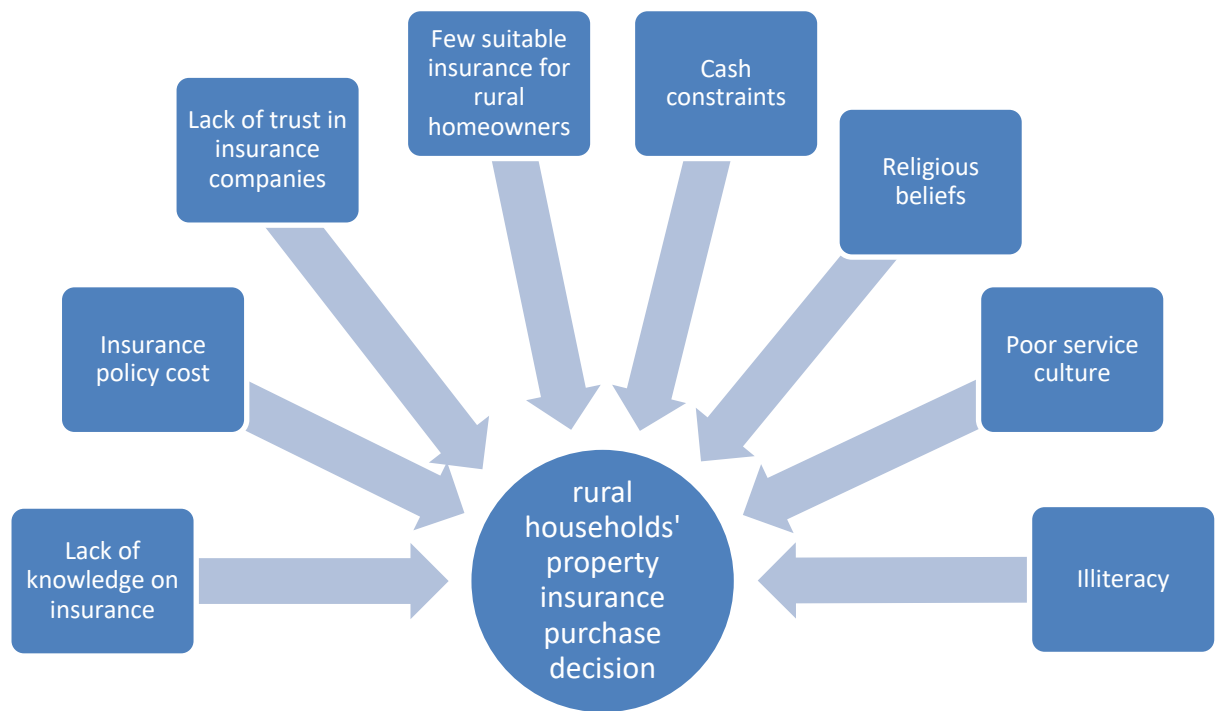


Figure 3: Conceptual framework

The various factors illustrated in the conceptual framework illustrates might influence rural households' property insurance purchase decisions.

Lack of knowledge of insurance policy: the awareness and understanding insurance companies (Syed, Rashid, Rusni, & Rusni, 2017). Products such as basic living structure and contents insurance, asset insurance, and personal injury cover are among the less successful products (Bester, et al., 2009).

Insurance policy cost: the price and other related costs that pay for the policy. According to (Kindurys, 2002), insurance services product price is the key thing of importance to most consumers of these services except for experienced customers and financial institutions.

Lack of trust in insurance companies: many consumers are concerned that insurance firms pay claims slowly, or sometimes don't pay at all (Cishala & Musawa, 2018).

Few suitable insurance products for rural homeowners: lack of awareness about the insurance products which are available for rural households or where there are no insurance policies. Insurance sold to the low-income market is dominated by funeral insurance (Bester, et al., 2009).

Cash constraints: the limitations that individuals face when trying to access funds (Tamplin, 2023). The demand for insurance and consumers' incomes are positively correlated (Mishra, 2014).

Illiteracy: The root of inequality stems from a lack of education and thus various consumer initiatives remains vital to promoting inclusion (Huneberg, 2022).

Religious beliefs: Human beings 'relation to that which they regard as holy, sacred, absolute, spiritual, divine, or worthy of special reverence (Augustyn, 2024).

Poor service culture: when the customer feels like their expectations are being met by the service provider (Hueffner, 2024).

The conceptual framework guiding this study on rural households' property insurance purchase decisions is grounded on several interrelated theories. The Theory of Planned Behaviour (TPB) (Ajzen, 1991) provides a behavioral lens, suggesting that individuals' decisions are influenced by their attitudes toward insurance (e.g., trust and perceived cost), subjective norms (e.g., religious beliefs), and perceived behavioural control (e.g., knowledge and literacy levels). This helps explain why some rural households may hesitate to adopt property insurance despite its potential benefits.

Complementing this, Diffusion of Innovations Theory (Rogers, 1995) accounts for the low uptake of insurance as a function of how new ideas spread in communities. Factors such as limited product availability, lack of awareness, and poor service culture reflect low compatibility and observability of insurance products in rural settings, which hinders adoption.

Furthermore, insights from Behavioral Economics, particularly the concept of bounded rationality (Kahneman, 2003) highlight how financial constraints, limited information, and cognitive biases can impair rational decision-making. Households facing poverty, illiteracy, and institutional mistrust may deprioritize insurance purchases despite evident risks.

Finally, Institutional Theory underscores the role of systemic and structural issues, such as inadequate insurance infrastructure, weak regulatory enforcement, and poor service delivery. These institutional gaps often result in reduced confidence and participation in formal financial systems among rural populations.

Taken together, these theoretical foundations offer a holistic understanding of the behavioral, structural, and socio-cultural barriers influencing rural households' insurance decisions.

2.6 Conclusion of Literature Review

This section reviewed literature related to the identified research question. The literature review showed that in most cases, rural households do not have insurance because of lack of trust, understanding and liquidity constraints. The South African rural insurance industry is still in the early development stages and little research has been done about the rural insurance market as compared to other forms of insurance such as crops and livestock insurance.

The conceptual framework is informed by Theory of planned behaviour, diffusion of innovations, behavioural economics and institutional theory.

CHAPTER 3. RESEARCH METHODOLOGY

This chapter outlines the methodology of study. The chapter is divided into nine sections namely research approach, data collection method, population and sample, research instrument, procedures for data collection, data analysis strategies and interpretation, possible limitations and challenges of the study, quality assurance and ethical considerations. The study includes participants in rural areas in South Africa.

3.1 Research approach

Research approach is a way to examine and explain a study and its findings based on using numbers a measure, a descriptive style, or a mixture of both (Taherdoost, 2022). There are various data collection methods such as quantitative, qualitative, and mixed methods that can be adopted to conduct research (Mwita, 2022). Qualitative research aims to address societies scientific and practical issues and involves naturalistic and interpretative approaches to different subject matters while quantitative research employs numerical values derived from observations to explain and describe the phenomena that the observation can reflect on them (Taherdoost, 2022). Mixed method employs the combination of both qualitative and quantitative.

The research method followed for this study is quantitative. Quantitative research involves a structured and methodical approach utilized to describe variables, assess connections among them, and explore causal relationships between variables (Burns, Grove, & Gray, 2015). Quantitative research focuses on measurable data, making it highly effective in addressing the “what” or “how” of a given situation (Goertzen, 2017).

Quantitative research enables the findings to be generalized to the population, collection of large data sets whose findings are representative of the population while offering a standardised approach (Goertzen, 2017). A survey questionnaire

whereby close-ended questions were developed and distributed to participants. Using quantitative questionnaire helped to get more questions in the survey and more responses out of it (Ahmad, et al., 2019).

The close-ended questionnaire were assigned numerical values that were later converted into indicators and graphs quantifying the questionnaire. The overall quality of data is better when using quantitative survey questionnaire leading to best possible decisions (Ahmad, et al., 2019).

In their paper, (Ruslan, Rasid, & Rizal, 2024) performed a study to investigate the factors influencing vehicle owners' intentions to extend special perils coverage within their motor insurance policies in Klang Valley Malaysia. The researchers adopted a quantitative and descriptive research approach to systematically measure and analyse the relationship between identified factors and the intention to extend coverage. Convenience sampling was selected due to its practical advantages, including cost-effectiveness, time efficiency, and ease of implementation. The technique enabled the researchers to quickly and efficiently access respondents, making it appropriate choice for the study's context.

By employing a quantitative approach, the study was able to provide measurable insights into the factors affecting insurance coverage decisions. In conclusion, quantitative method will enable the researcher to address the objectives of the study in an efficient, timely and affordable manner. They were able to collect sufficient data and draw conclusions which enabled them to address the research questions they had formulated.

3.2 Data collection methods

Data collection is a structured procedure for acquiring information required to address research questions, resolve specific research problems and establishing grounds for accepting or rejecting research hypothesis (Mwita, 2022). For the

research to be impactful, data should be gathered from appropriate sources using the right collection tools (Mwita, 2022).

The data was collected through a questionnaire administered electronically through a link because of the nature of the study. The survey included participants profile, knowledge of property insurance, factors influencing purchase decisions and perception of risk. Google forms were used to develop and share the questionnaire.

A link to the google form survey was shared with the participants through email and other electronic mediums such as LinkedIn and WhatsApp. Google forms enables an excel spreadsheet with the responses to be extracted once the survey is completed. The participants were not required to include any identifiers that would enable the research to determine who completed the survey.

Data collected was stored in a password protected laptop and will be kept for a maximum period of five years. With the permission of the participants, the data collected from the research project may be used by other researchers in an anonymised format.

For this study, the collection of primary data is more efficient in addressing the research question as it is not possible to obtain secondary data that adequately answers the research questions. According to (Patten, 2017), questionnaires have the following advantages:

- provide an efficient and economical way to collect data
- are useful gathering data on delicate topics since they can be conducted anonymously

For the study to yield the desired results, it is important for the participants to be truthful therefore the abilities to conduct the survey in an anonymous manner is beneficial for the study.

The disadvantages are that the response rate to questionnaires is often low, may provide only a snapshot and may elicit socially desirable responses (Patten, 2017). Enough time was allocated to the participants to complete the survey, and these were shared electronically.

3.3 Population and sample

The research population for this study comprised of homeowners who reside or have houses in rural residential areas in South Africa. According to (Stats SA, 2023), there are 18 969 399 population that reside in rural areas in South Africa.

- ***Population***

In statistics, population refers to the complete set of objects or individuals being examined, from which statistical characteristics can be estimated through the study of one or more samples drawn from it (Krieger, 2012). For the purpose of our study, the population included all rural areas in the nine provinces of South Africa.

The rural areas are scattered throughout the country, including all nine provinces of South Africa in the study can provide a comprehensive understanding of various factors such as demographics, socioeconomic status, access to resources, and unique challenges faced by rural communities. By including all provinces, the research can paint a more complete picture of the factors influencing rural homeowners' insurance purchase decisions.

- ***Sample and sampling method***

To determine the appropriate sample size, the degree of variability in the attributes being assessed as well as the degree of confidence, risk, and precision must be specified (Mialoulis & Michener, 1976). A $p=5\%$, 99% level of confidence

and precision of $\pm 5\%$ were assumed in this study. (Cochran, 1963) formulated an equation for determining sample sizes for large populations:

$n_0 = \frac{z^2 pq}{e^2}$ where $n_0 = \text{sample size}$, $z^2 = 1 - \alpha$ representing the desired level of confidence, $p = \text{estimated proportion of attribute}$, $q = 1 - p$ and $e = \text{precision level}$

$$n_0 = \frac{z^2 pq}{e^2} = \frac{(2.58)^2 (0.5)(0.5)}{0.1^2} = 166 \text{ rural homeowners}$$

The sample size is 166 rural homeowners. The sampling method chosen for this study is convenience sampling. Convenience sampling is a non-probabilistic strategy where the sample is chosen according to the convenience of the researcher in terms of accessibility, place, and willingness (Lopez & Whitehead, 2013). Sampling method plays a critical role in conducting quality research by supporting the researchers to select more representative samples and generalise the research finding (Golzar, Noor, & Tajik, 2022).

Convenience sampling yields various benefits including selection of participants at low cost, less effort taken to select the participants compared to other non-random sampling techniques, less time invested since the sample is taken from target population readily accessible and there is no need to prepare a list of all the population elements (Golzar, Noor, & Tajik, 2022). The participants of the study are scattered in nine provinces; it was impractical to select participants from the population at large.

3.4 Data collection instrument

A questionnaire comprising of two sections including close-ended questionnaires: 1) homeowners with insurance (thirty-two question) and 2) homeowners without insurance (twenty-seven questions) as shown on Appendix A was developed to address the research objectives and questions. The questions were developed based on the objectives the study aimed to achieve and the conceptual framework highlighted in chapter 2 above. Validity tests were utilised to assess

whether a test will measure what it was supposed to measure. The validity of an instrument provides a measure of the degree of confidence which can be placed in the inferences drawn from the scores on the instrument (Haradhan, 2017).

Close-ended questions are quick for respondents which may increase response rate, and the responses are easier to code and analyse (Rowley, 2014). The questionnaire included a mixture of questions ranging from yes or no, Likert scales, category questions, ranking questions and selection of options related to choose from.

The questionnaire comprised of drop-down menus to limit the risk of errors. The category questions are set in a way that removes the possibility that more than one answer may apply to a participant. The main rationale for employing Likert scales is the ease of coding and reporting data, achieved by assigning codes to the responses (Colosi, 2006). The questionnaire has as a total of six sections arranged as follows:

Section A: two qualifying questions which determine whether a participant could continue with the study or not.

Section B: designed to understand the participant better in that it asks age, gender, level of education, income, and province they reside in.

Section C: aimed to understand whether the participant had property insurance or not and establish the purchase intentions of participants. This was used to determine the section that the participant will proceed to. If the answer is yes then the participant completed section D and if no, then section E.

Section D: determination of the factors that motivated the decision to purchase insurance for the participant who have insurance.

Section E: understanding of the factors that influenced the decision of participants who do not have insurance. Section D and E will assist with addressing the research questions and achieving the research objectives.

Lastly, section F seeks to understand the willingness of rural homeowners to purchase property insurance. The survey was designed not to take more than 30 minutes and ran for a period of seven weeks.

Several key variables including demographics (religion, highest level of education, employment status and month nett income), whether participants have insurance or not, knowledge on insurance, insurance policy cost perception, trust in insurance companies, available insurance options, cash constraints and service culture were selected to understand what affects the purchase decisions of rural homeowners. An analysis of these will be performed to determine if they contribute to the decision-making process of homeowners to purchase property insurance. A structured questionnaire was designed for this investigation.

3.5 Data analysis strategies and interpretation

The raw data obtained from the survey was transformed into clean, usable information in that any incomplete responses were removed. Descriptive statistics such as frequencies were utilised to analyse the data. Diagrams such as pie charts, graphs and tables were used to present the findings of the study.

Furthermore, Statistical Package for the Social Sciences (SPSS) was used to analyse the data. SPSS is a software program that analyses scientific data related to the social sciences (Williams, 2024). Possible limitations and challenges of the study

- Time constraints
- Limited understanding of the questions asked in the survey.
- Unwillingness to participate in the study.

The overall approach used to analyse the data is descriptive statistics (graphs, pie charts etc.) to describe the characteristics of the data set. Graphical displays will be used along with the quantitative measures to enable clarity.

3.6 Validity and Reliability Tests

Test of reliability of data

Cronbach Alpha reliability describes the reliability of a sum (or average) of q measurements where q measurements may represent q rates, occasions, alternative forms, or questionnaire/ test items (Bonnet & Wright, 2015).

$$\alpha = \frac{N * \bar{c}}{\bar{v} + (N-1) * \bar{c}}$$

where N =number of items, $\bar{c}$ = average covariance between item pairs and $\bar{v}$ = average variance

A higher than 0.7 score is considered acceptable. The test items are highly connected if the alpha level is high (Lavrakas, 2008).

Test of validity of data

Validity is a measure of the degree of validity or the validity of a research instrument (SPSS tests, 2024). To test validity of the questionnaire, Pearson Correlation analysis in the SPSS software was utilised. The correlation between each question in the questionnaire and its total value was determined. If the significance value (Sig.) is less than 0.05, the question/ instrument is valid. If the Sig. value is greater than 0.05, the question/ instrument is not valid and should be deleted/ removed. Item-item that significantly correlates with total score indicate that the items are valid.

3.7 Ethical considerations

The participants have a prospective value through improvement of the rural insurance provision and contribution to knowledge that may benefit them in the future. A scientific design and a rigorous research approach, incorporating statistics to produce accurate and trustworthy data, was utilised in this study.

Population which meets the scientific study requirements were utilised. The participants of the study were not coerced into participating. They were free to choose whether to engage based on their personal interests, preferences, and value systems. Prior to accessing the questionnaires, there is a cover page which notifies the participants that they may only proceed if they consent to participating in the study.

The participant's information is treated as confidential and will not be used for any other purpose than the study. The identity of the participants is anonymous and there are no identifiers which may make the identity of the participants known to the research. An impartial ethics review committee reviewed the research project to confirm that it is ethical and will not put the participants at risk.

3.8 Data Management

All the information collected is stored in a password protected laptop for five years with access being restricted to the researcher. The data will not be utilised for any other purpose outside of research it was collected for.

3.9 Conclusion

This chapter outlined how the research was conducted, highlighting the research approach, method used to collect data as well as the approach that was used to analyse the data. Additionally, it also outlined the population and how the sample was selected. Ethical considerations were also covered in this section. The next chapter details the analysis process and describes the findings of the study.

CHAPTER 4. Data analysis

4.1 Introduction

The purpose of this chapter is to analyse, present and interpret the findings resulting from this study. It is necessary to analyse the data collected to answer the research questions. The researcher conducted quantitative research to investigate factors that influence property insurance purchase decisions of non-urban homeowners in South Africa. Data collection was aimed at determining:

- whether rural homeowners would be willing to purchase property insurance in South Africa.
- factors that influence property insurance purchase decisions of rural homeowners in South Africa.

The method of data collection and data analysis have been discussed in chapter three (refer to section 3.2). The questionnaire used in this study was carefully analysed to ensure that the data gathered was presented clearly using tables and graphs. The findings were utilised to formulate recommendations to improve the insurance culture in non-urban areas in South Africa.

This chapter is structure as follows 1) Presentation of the research results (demographics, responses from participants with insurance and responses from participants without insurance) 2) Discussion of the results.

4.2 Research results

For this study, a survey of 166 participants was conducted. The results of this research are presented as follows:

- Demographics
- Participants with insurance

- Participants without insurance

4.3.1. Demographics

Gender

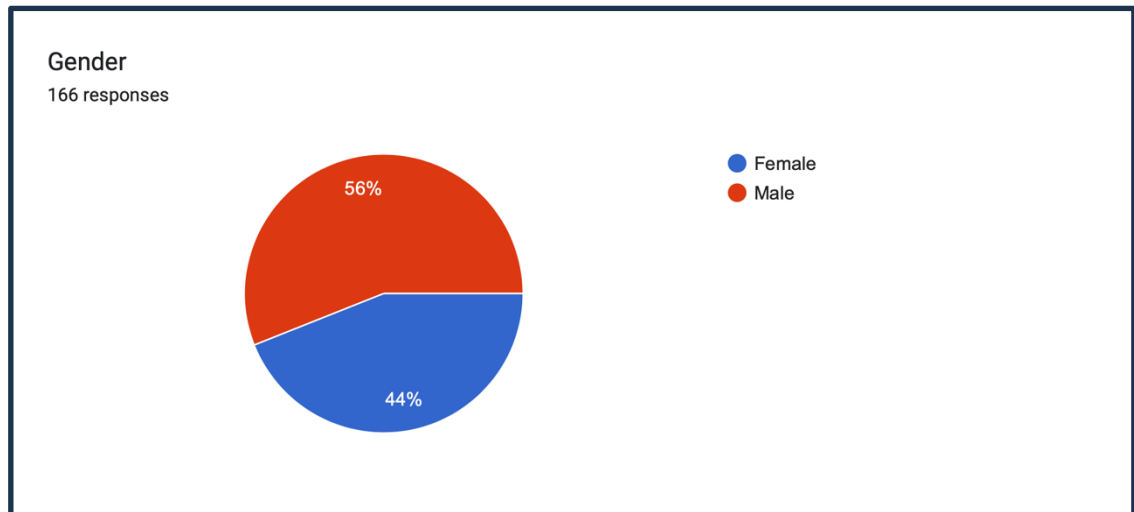


Figure 4: Gender of participants

More males (56%) participated in the study than females (44%). The gender of the participants does not affect the outcome of the survey; however, it helps us understand the participants better.

Age

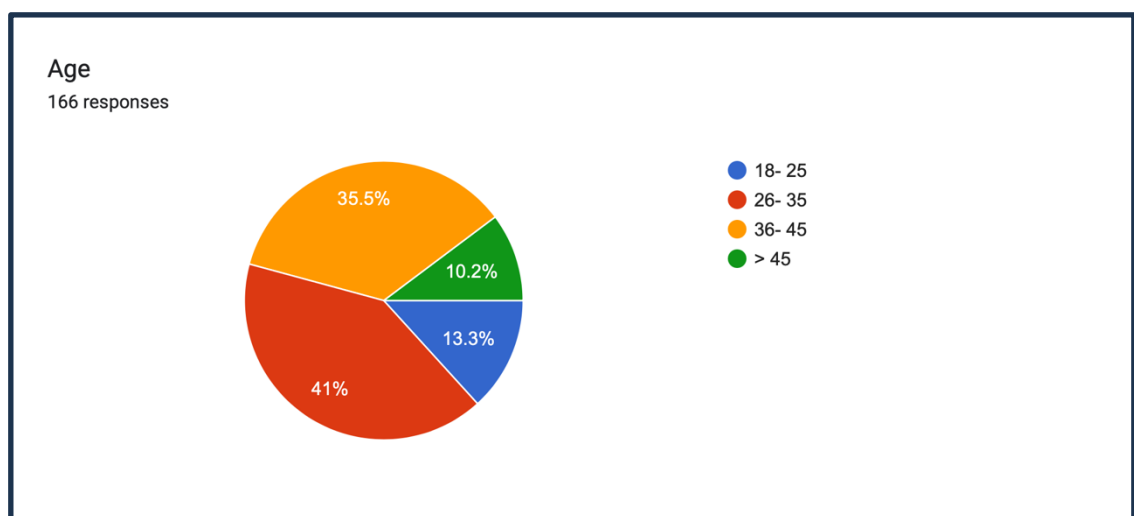


Figure 5: Age distribution of respondents

Respondents between the ages of 26- 35 (41%) and 36-45 (35.5%) represented 76.5% of the participants. At these ages, individuals own cell phones and have access to the internet which makes access to information easy. They can understand the insurance offering and can educate the older generations about insurance and its importance.

Marital status

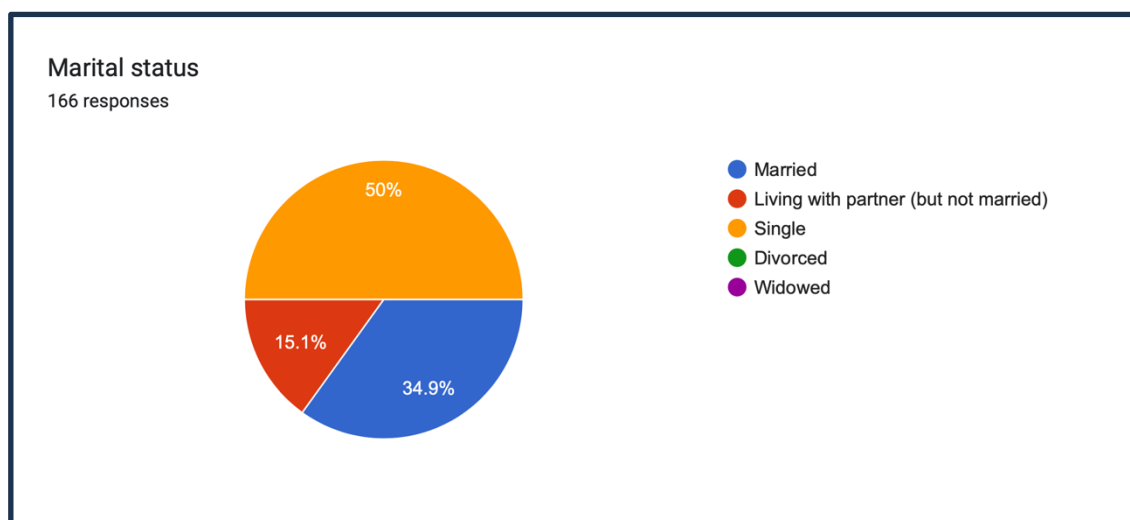


Figure 6: Marital status of participants

According to (Stats SA, 2023), 62.2% of South Africans were never married, 24% were married and 7.8% were living together with partners. The majority (50%) of the respondents indicated that they are single, 34.9% are married and 15.1% were living with partner (but not married). Marital status provides valuable insight into property ownership, financial priorities, and risk management behaviours. It may affect financial stability and priorities, influencing the affordability and perceived necessity of property insurance.

Race

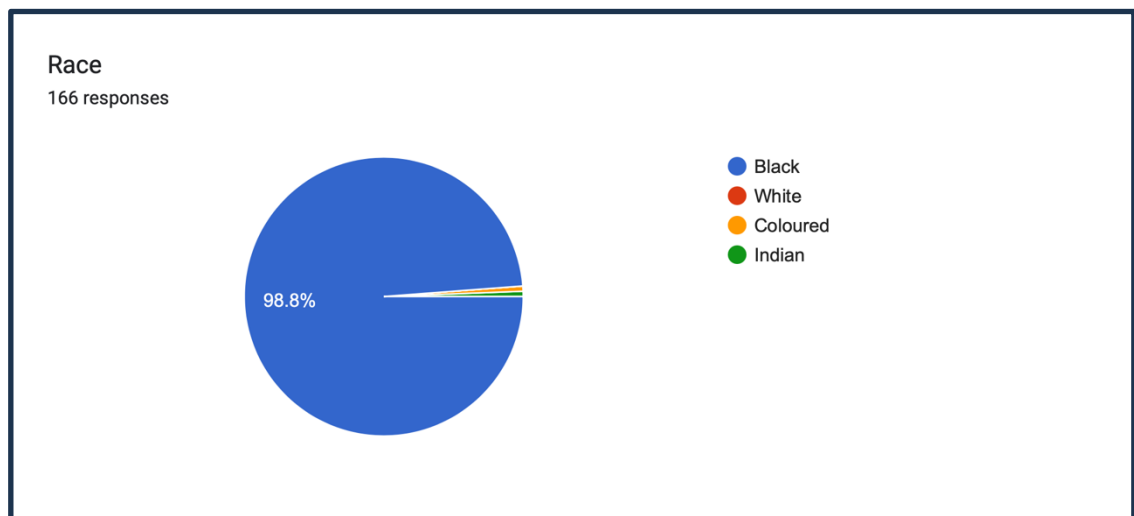


Figure 7: Participants' race

Majority of the participants (98.8%) are black South Africa. According to (Stats SA, 2023), there are 50 486 856 black Africans in South Africa. This means that 81.4% of the population is black and due to apartheid spatial planning, rural areas are dominated by mainly blacks. It is not a shock that the percentage of white participants is 0%.

Religion

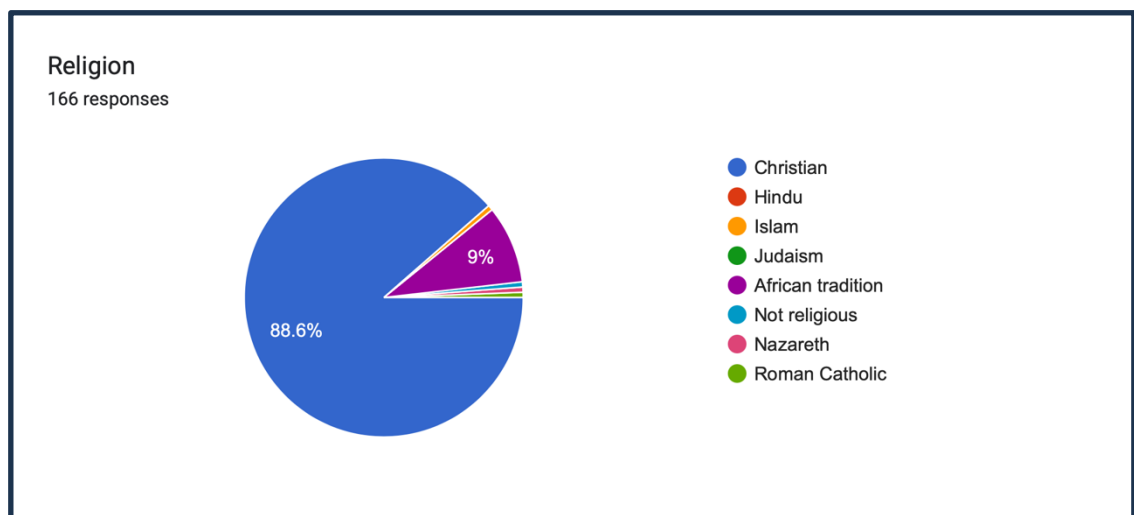


Figure 8: Religious affiliations of the participants

Majority of the participants indicated that they are Christians (89.8%). According to (Stats SA, 2023), 85.3% of South Africans religious affiliation/ beliefs is

Christianity. Understanding the religious beliefs of South Africans is important for the study because researchers in other countries found that it had an influence in the purchase decision of the participants.

Highest level of education

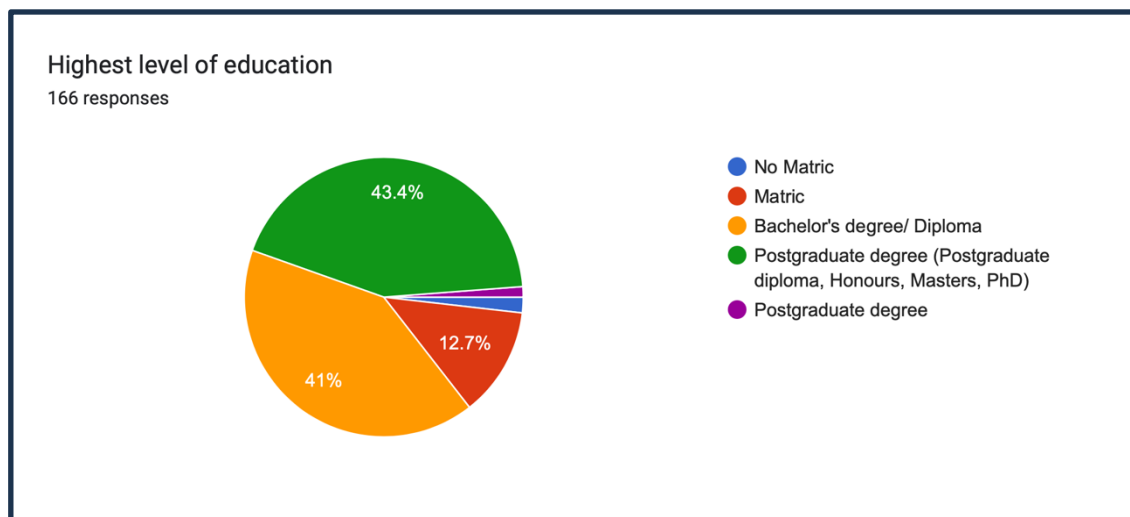


Figure 9: Highest level of education of participants

A total of 85.6% of the participants indicated that they have bachelor's degree or postgraduate qualification. Higher education levels are often associated with better awareness and understanding of insurance products and their importance. Additionally, education levels often aligns with socioeconomic status, which can influence affordability of insurance. Additionally, there is a belief that people who dwell in rural areas are illiterate, therefore, determining their educational background would enable the researcher to determine whether this belief is a misconception or not.

Employment Status

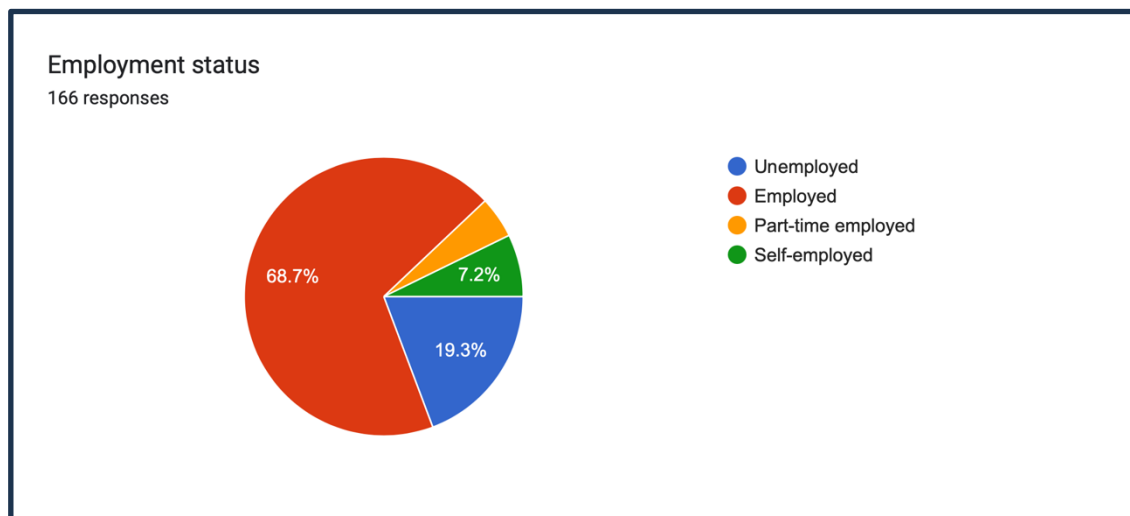


Figure 10: Participants' employment status

Most respondents (68.7%) indicated that they are employed on a full-time basis. Employment status is a key factor in understanding financial capacity, decision making and insurance preferences. It affects income stability which is a critical factor in affording property insurance premiums. Unemployed individuals or those in unstable jobs may prioritise other expenses over insurance.

Monthly nett income

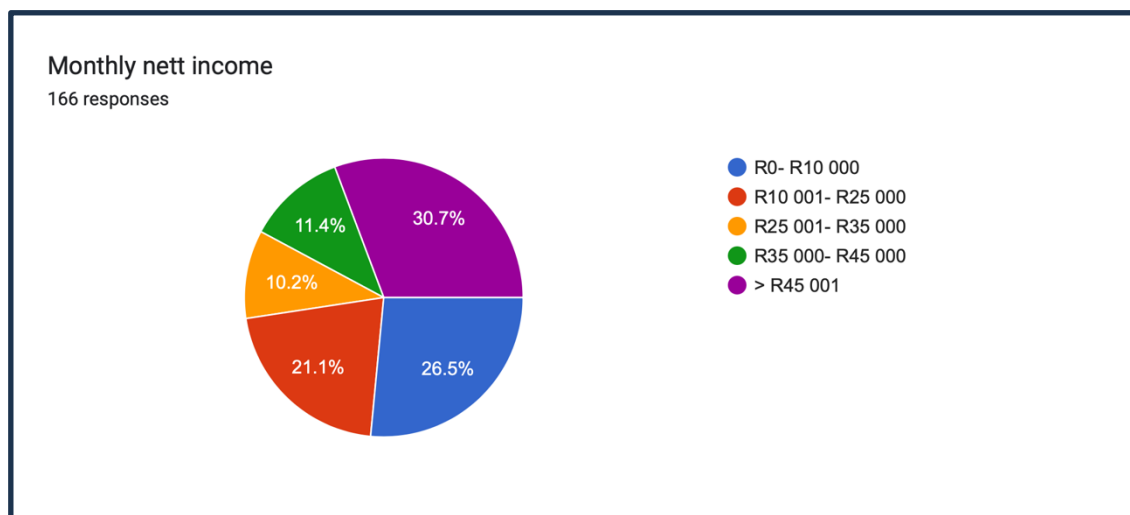


Figure 11: Monthly nett income of participants

73.5% of participants indicated that they have a minimum nett income of R10 001 per month. The largest nett income group (30.7%) were earning more than

45 000 per month. Monthly nett income is a crucial factor as it directly affects affordability, purchasing power, and the prioritization of insurance coverage. Income influences how respondents' budget for discretionary and non-discretionary expenses, including property insurance. Understanding income levels helps gauge their ability to prioritise insurance.

Province where property is situated

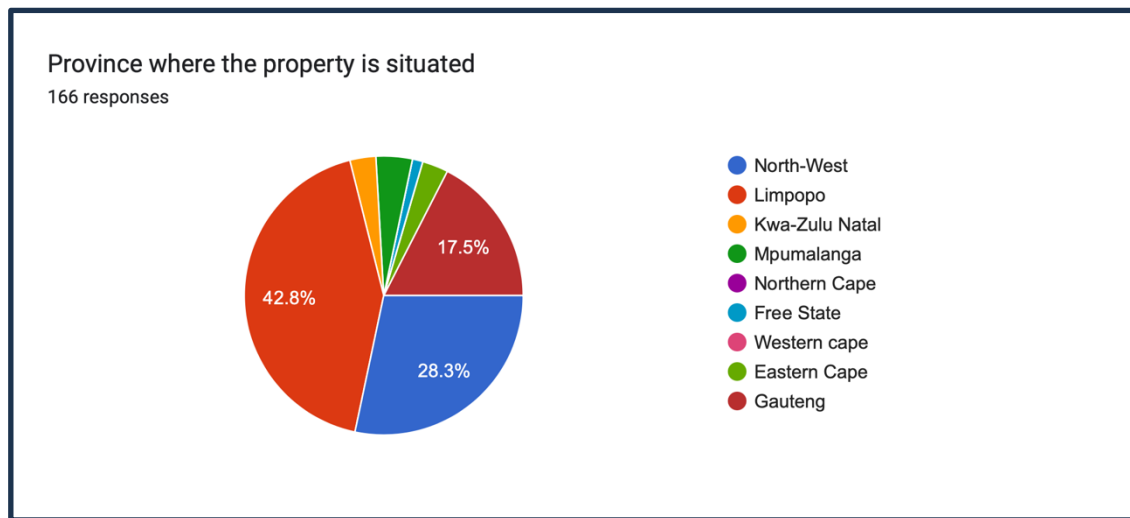


Figure 12: Province where the property is situated

Majority of participants (71.1%) resided in Northwest and Limpopo provinces. The province where property is situated influences risk exposure. Different provinces face varying natural hazards such as floods, fires, storms. Understanding the property's location helps assess specific risks that influence insurance premiums and coverage requirements.

Table 1: Demographic profile (n=166)

Demographic		Percentage	Frequencies
Gender	Female	44%	73
	Male	56%	93

Age	18- 25	13.3%	22
	26- 35	41%	68
	36- 45	35.5%	59
	>45	10.2%	17
Marital status	Married	34.9%	58
	Living with partner (but not married)	15.1%	27
	Single	50%	81
	Divorced	0%	0
	Widowed	0%	0
Race	Black	98.8%	165
	White	0%	0
	Coloured	0.6%	1
	Indian	0.6%	0
Religion	Christian	89.8%	147
	Hindu	0%	0
	Islam	0.6%	1
	Judaism	0%	0
	African tradition	9%	15
	Not religious	0.6%	1
Highest level of education	No matric	1.8%	3
	Matric	12.7%	21
	Bachelor's degree/ Diploma	41%	68

	Postgraduate degree (Postgraduate diploma, Honours, Masters, PhD)	44.6%	74
Employment status	Unemployed	19.3%	32
	Employed	68.7%	115
	Part-time employed	4.8%	8
	Self-employed	7.2%	11
Monthly nett income	R0- R10 000	26.5%	44
	R10 001- R25 000	21.1%	35
	R25 001- R35 000	10.2%	17
	R35 001- R45 000	11.4%	19
	>R45 001	30.7%	51
Province where property is situated	North- west	28.3%	47
	Limpopo	42.8%	71
	Kwa-Zulu Natal	3%	5
	Mpumalanga	4.2%	7
	Northern Cape	0%	0
	Free state	1.2%	2
	Western cape	0%	0
	Eastern cape	3%	5
	Gauteng	17.5%	29

This section of the survey aimed to establish whether participants had property insurance or not. Majority (72.3%) of the participants as shown on figure 13 below indicated that they did not have property insurance. Only 27.7% of the participants indicated that their properties are insured. This indicates a significant gap in property insurance in non-urban areas. Factors that influenced

the decision to purchase or not to purchase insurance are discussed in part a and b, respectively.

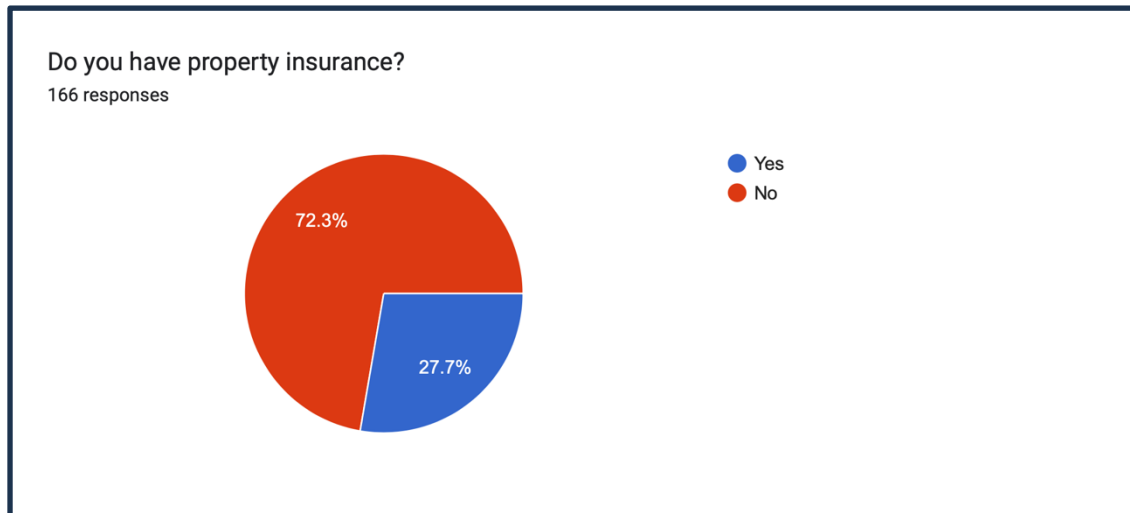


Figure 13: An indication of how many homeowners have property insurance

4.3.2 Results

The objective of this section is to determine the factors that influence property insurance purchase decisions of non-urban homeowners in South Africa.

Many people globally still don't have access to sustainable financial services such as savings, credit, or insurance. The significant challenge is to overcome the barriers that prevent people from fully participating in the financial sector (Huneberg, 2022).

Part A: Participants with insurance:

This section focuses on analysing the results from the 27.7% of participants who indicated that they have property insurance. It examines the characteristics, behaviours, and motivations of insured participants, providing insights into why this minority chose to obtain coverage. By focusing on the 27.7% of participants with property insurance, this section aims to highlight trends and factors influencing insurance adoption, providing a contrast to most uninsured

participants discussed in part b. Most of participants (76.1%) indicated that they had comprehensive cover while 13% were insured against natural disasters.

Factor 1: Lack of knowledge on insurance

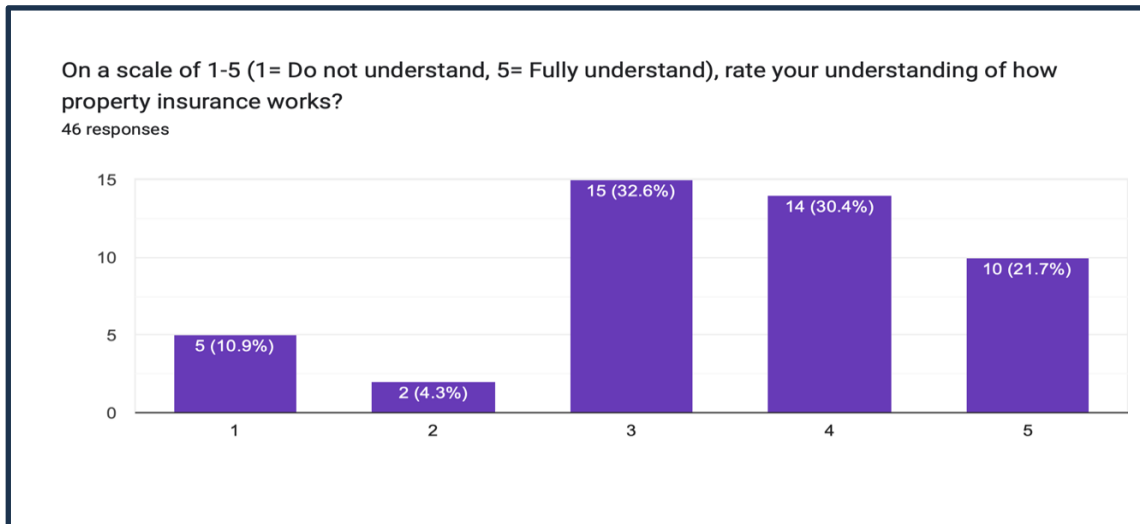


Figure 14: Knowledge of financial products.

52.1% of participants indicated that they understand how property insurance works. 15.2% indicated that they do not understand how property insurance works, however, they purchased it, nonetheless. Given that majority affirmed that they understood how property insurance works, it indicates a significant level of awareness and knowledge about the concept and functionality of property insurance. The participants have a clear understanding of property insurance, including its purpose, benefits, and how it works. This implies that lack of awareness or knowledge was not a primary barrier for those who adopted insurance.

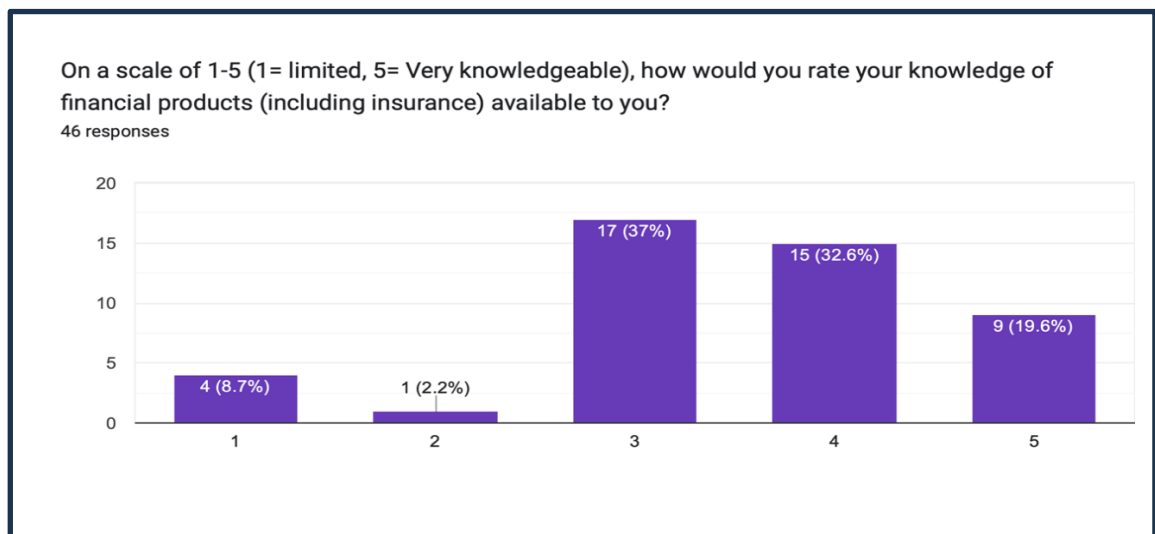


Figure 15: Understanding of how property insurance works

52.2% of participants with insurance indicated that they had some knowledge of financial products (including insurance available to them) while 37% were neutral. This indicates that a foundational understanding of financial services exists among participants. This indicates that basic financial literacy was not a significant barrier for this group.

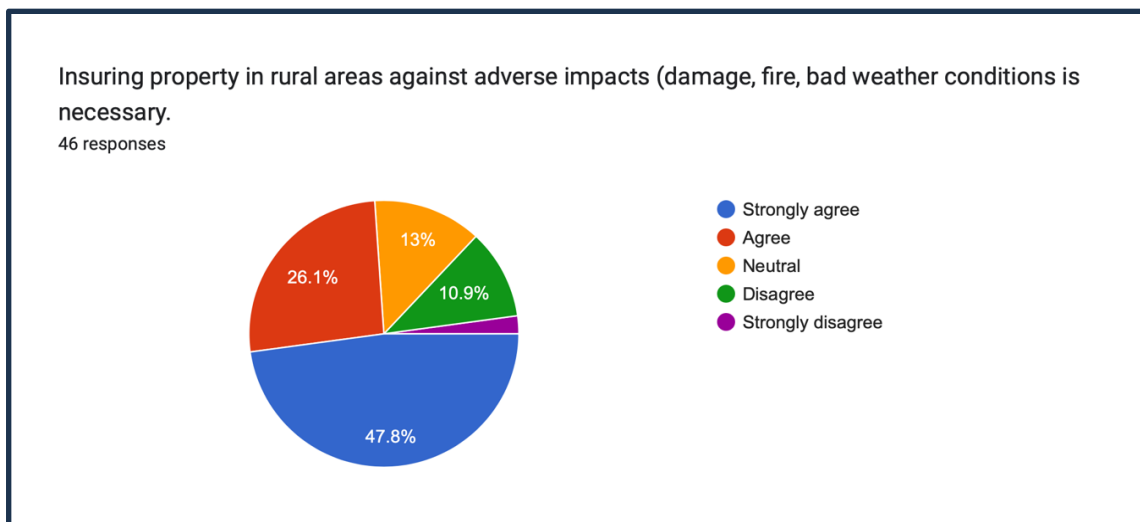


Figure 16: Perception of insuring property in non-urban areas

The finding that 73.9% of participants believe that insuring property in non-urban areas against adverse impacts is necessary highlights a strong recognition of the

importance of risk management in non-urban setting. This shows that they understand the value of insurance.

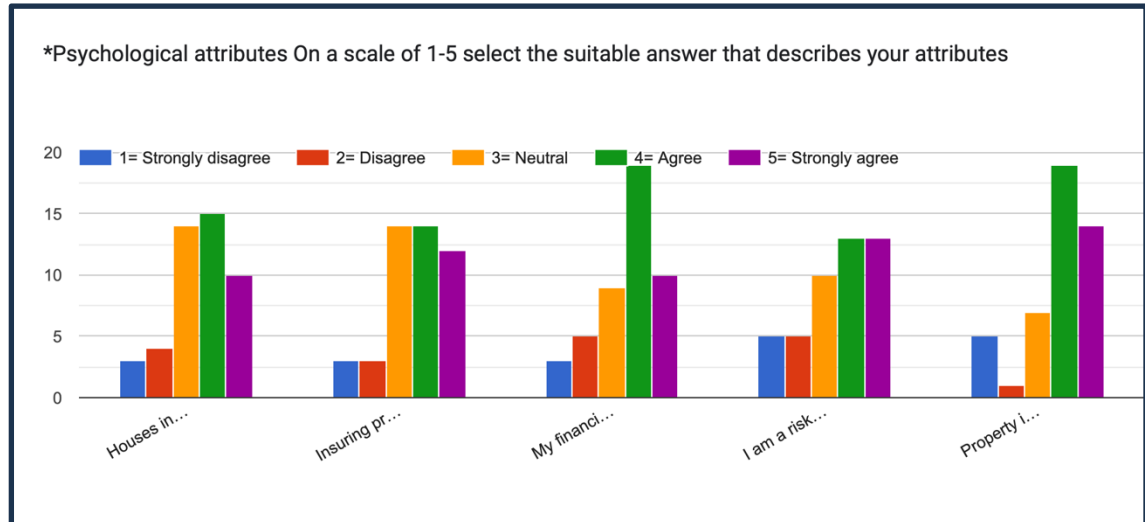


Figure 17: Psychological attributes

54% of participants agree that houses in non-urban areas are exposed to risk and 57% of participants indicated that insuring property in non-urban areas is a necessary risk management tool. 63% of participants indicated that their financial knowledge influenced their decision to purchase property insurance. 57% of participants indicated that they are risk averse and 72% of participants indicated that property insurance is a necessary expenditure.

Factor: (2) Insurance policy cost, (3) Lack of trust in insurance companies and (4) Few suitable insurance for rural homeowners.

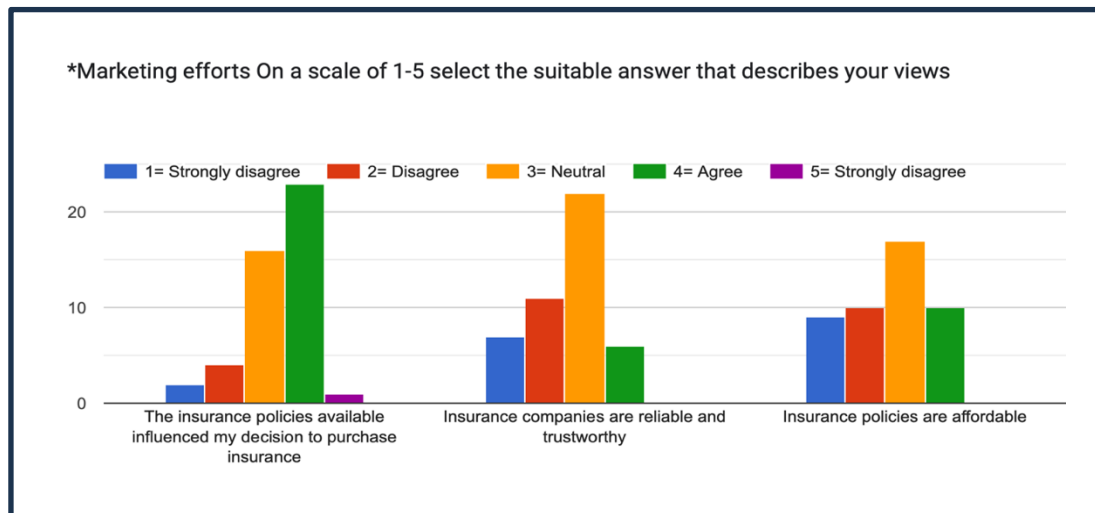


Figure 18: Marketing efforts

The finding that 22% of participants indicated that insurance policies are affordable, however, still purchased insurance indicates that affordability was not a barrier for them. With only 22% finding the cost affordable, it highlights a significant gap in pricing strategies for the majority, suggesting that the cost remains a barrier for a large proportion of potential customers.

13% of participants agreed that insurance companies are reliable and trustworthy which reveals a significant challenge. Lack of trust in insurance companies is likely a significant factor discouraging people from purchasing insurance, even if they might understand the importance.

50% of the participants indicated that the availability of insurance policies influenced their decision. Half of the participants see the availability of insurance policies as a deciding factor, indicating that ease of access plays a crucial role in their decision to purchase insurance. Participants are more likely to consider and purchase insurance when they are aware of the options available to them. The influence of availability on insurance highlights a critical area for insurers to focus on.

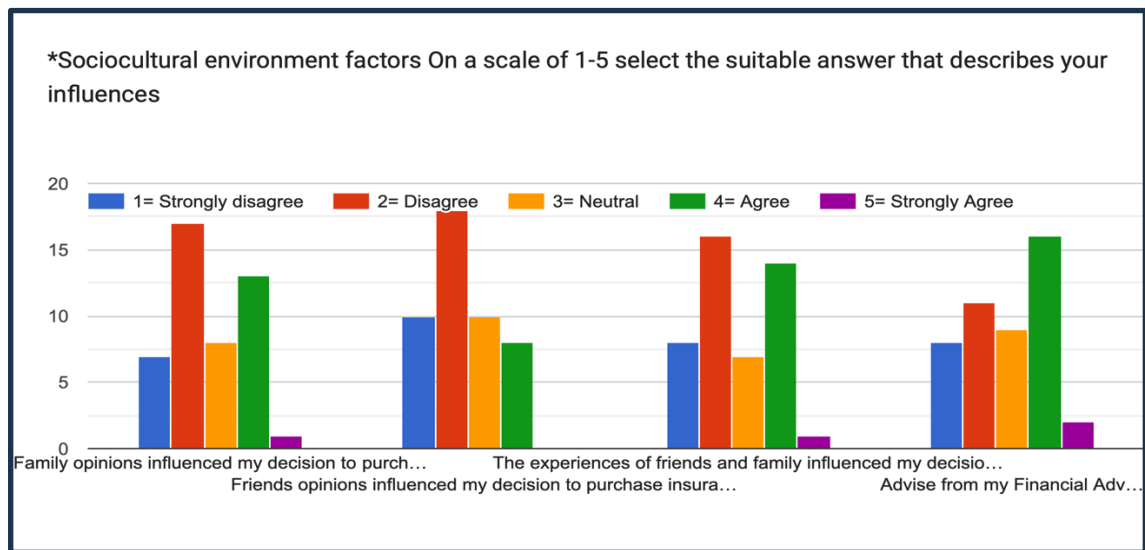


Figure 19: sociocultural environment factors

Participants (52% and 61%) indicated that family and friends, respectively, did not influence their decision to purchase insurance positively.

33% of participants indicated that the experiences of family and friends influenced their decision positively, while 39% indicated that the advice of financial advisor influenced their property insurance purchase decisions. The low trust levels may stem from misunderstandings or negative experiences from family and friends. The finding highlights the urgent need for insurance companies to focus on rebuilding trust with the customers.

Factor 5: Religious beliefs

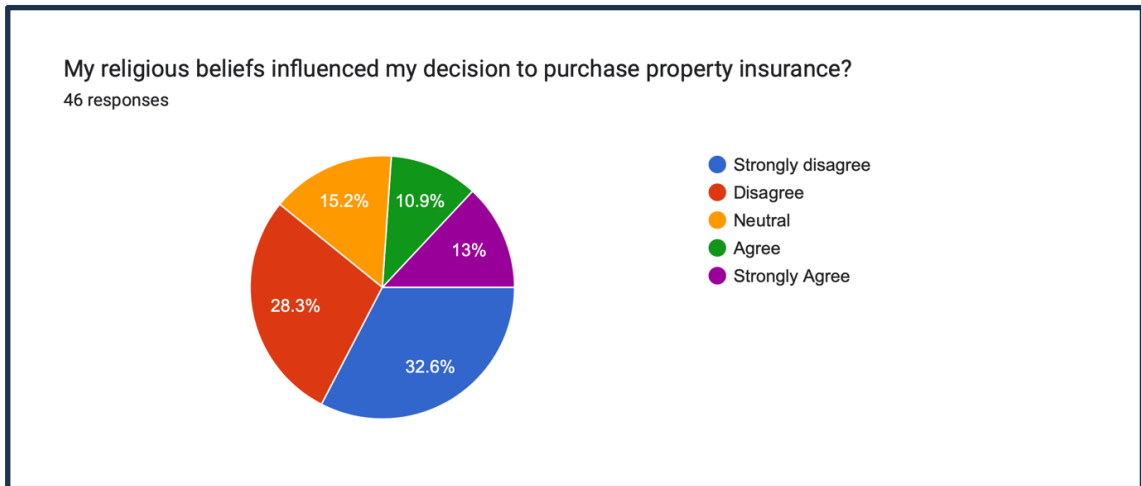


Figure 20: Influence of religious beliefs

The majority (61%) of participants indicated that their religious beliefs did not influence their decisions to purchase insurance while 15.2% of participants were neutral. This suggests that, for most, insurance decisions were likely driven by practical considerations like affordability, perceived value, or risk mitigation rather than religious factors. While 15.2% of participants were neutral, this indicates that a small but notable proportion may not have a definitive stance or might be somewhat influenced by religious considerations without being explicitly aware.

Factor 6: Poor service culture

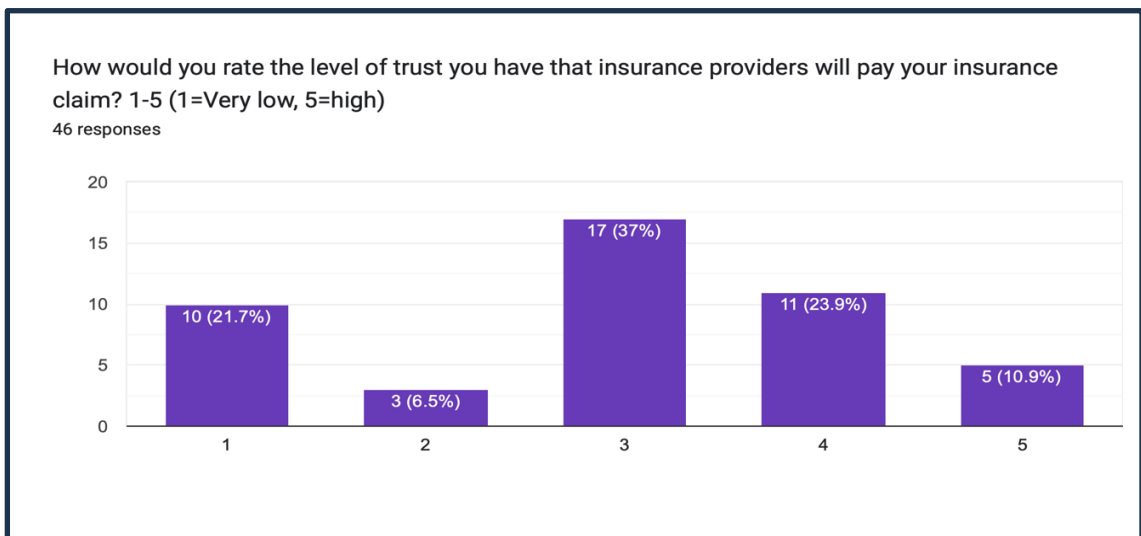


Figure 21: Level of trust that insurance provider will pay claims

34.8% of participants indicated that they trust that their insurance provider will pay their claims. With less than half of participants expressing trust in their insurance provider to honour claims, scepticism about claim reliability may discourage people from purchasing or renewing insurance policies.

Participants without insurance:

The statistic that 72.3% of participants indicated they do not have property insurance underscores a significant gap in property insurance adoption. This highlights the need to understand the barriers preventing individuals from securing insurance for their properties, such as affordability, accessibility, trust issues, or lack of awareness about its benefits. Exploring the reasons behind this gap is crucial for developing strategies to promote greater uptake and provide adequate protection against potential risks. This finding sets the stage for analysing the challenges and opportunities within the property insurance market.

Factor 1: Lack of knowledge of insurance

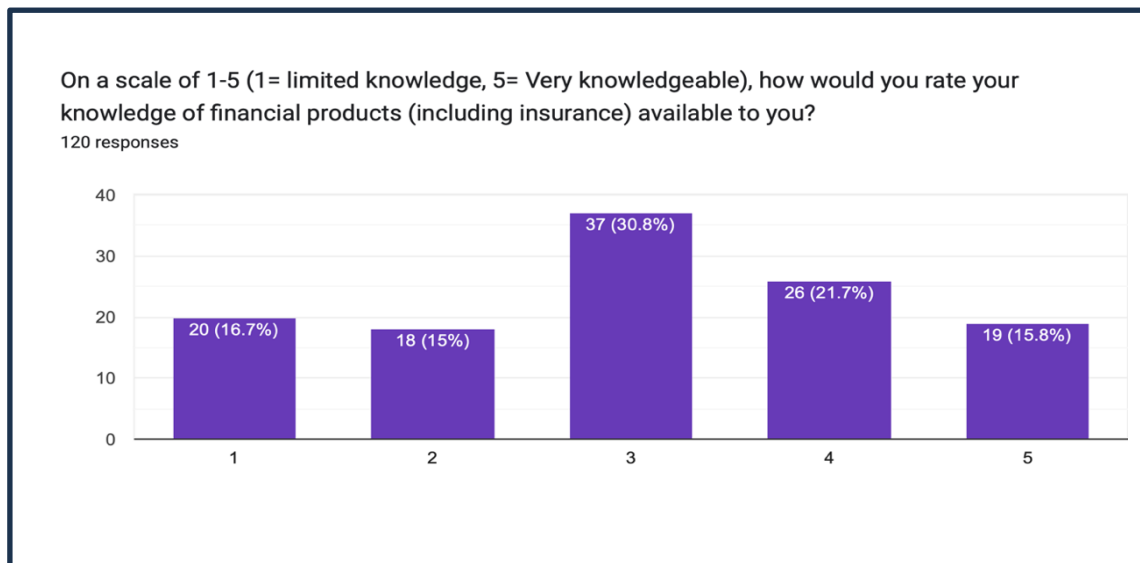


Figure 22: Knowledge of financial products

A little over a third of the uninsured participants (38%) claimed to have at least some knowledge of financial products. This suggests that a significant portion of uninsured individuals have some awareness or understanding of financial products. Nearly a third of the participants (30.8%) reported a neutral stance. This could imply they either have minimal knowledge, are unsure about their knowledge, or do not feel strongly about their understanding of financial products.

About one-third of participants (31.7%) admitted to having no knowledge of financial products, indicating a gap in financial literacy among a considerable segment of the uninsured participants. Overall, while a majority (68.8%) either have some knowledge or are neutral about their understanding of financial products, a significant portion (31.7%) lacks knowledge entirely. This highlights a potential need for financial education among the uninsured.

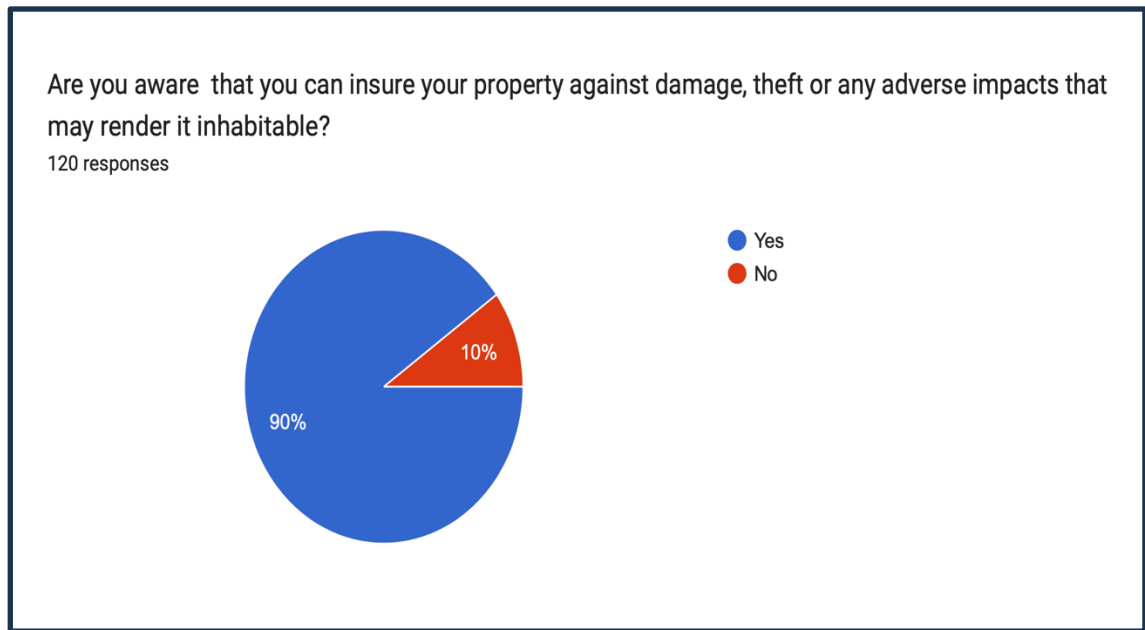


Figure 23: Awareness of property insurance

90% of participants indicated that they are aware that they can insure their property against damage, theft or any adverse impacts. Despite the high level of awareness, the participants remain uninsured. This suggests that factors other than lack of awareness- such as financial constraints, lack of trust in insurance providers or other systematic barriers- may be preventing them from purchasing insurance. While awareness about property insurance is high among the uninsured, the gap between awareness and actual uptake may point to deeper issues requiring further investigation.

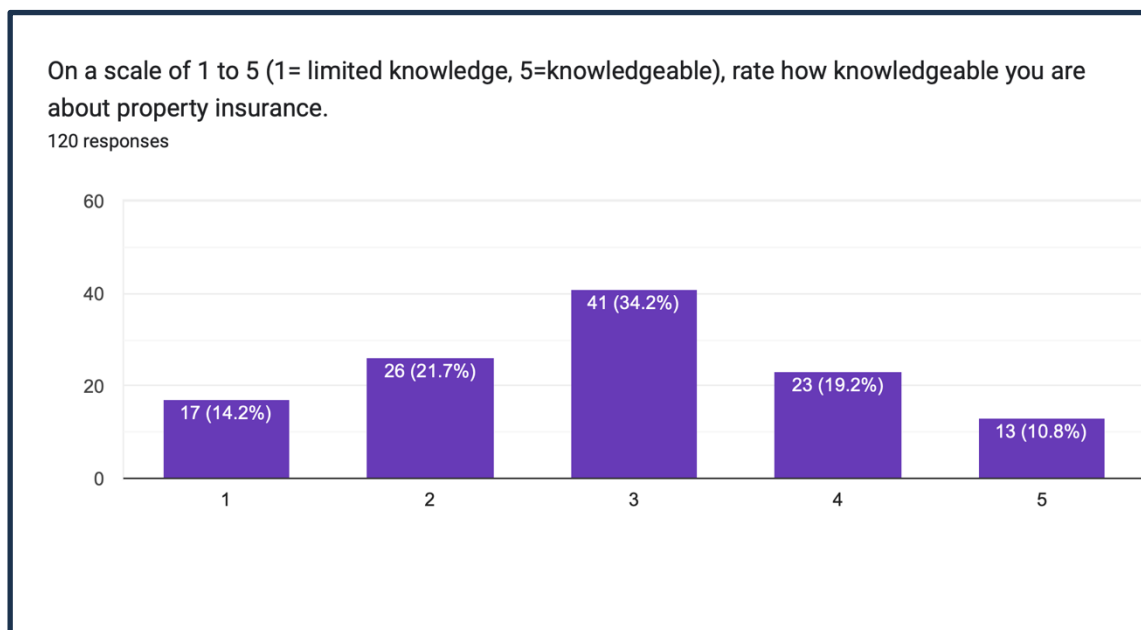


Figure 24: Knowledge about property insurance

Only a small portion (21%) of the participants indicated that they were knowledgeable about insurance. This indicates that understanding of property insurance concepts is limited amongst the group. Over one-third (34.2%) of participants expressed neutrality. This could indicate uncertainty about their knowledge level or understanding of property insurance. A slightly larger portion (35.9%) admitted to having no knowledge of insurance at all. This highlights a significant gap in property insurance literacy.

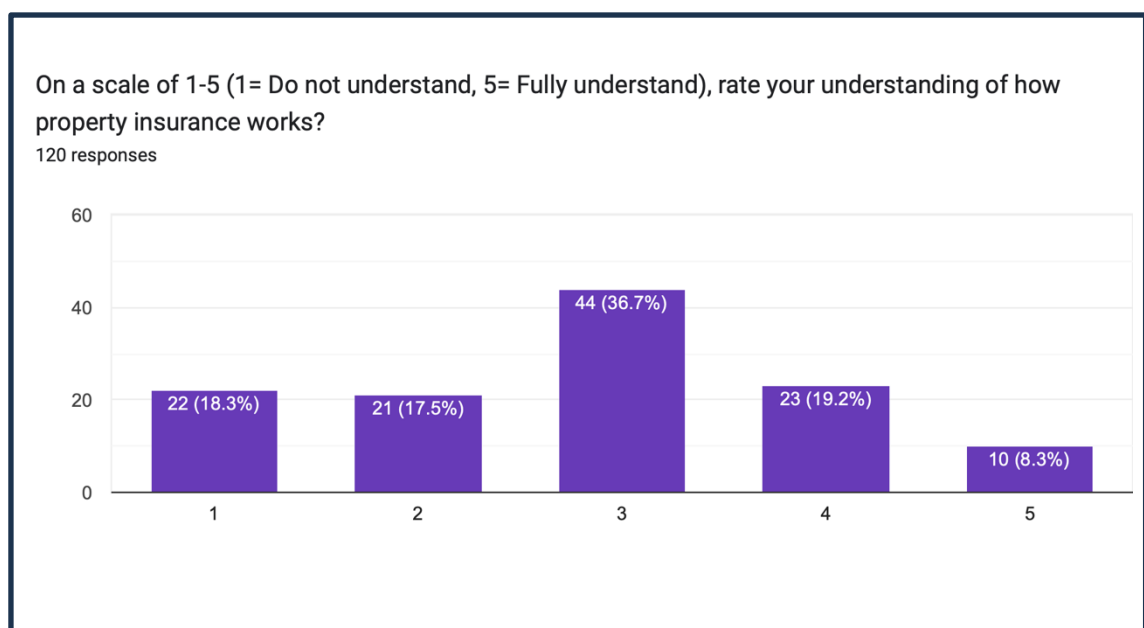


Figure 25: Understanding of how property insurance works

About one-quarter of uninsured participants (27.5%) stated they understand how property insurance works. While this reflects some level of understanding, it is a minority, indicating that many uninsured individuals lack clarity about the mechanisms of property insurance.

Over a third (36.7%) were neutral, suggesting uncertainty or limited familiarity with property insurance. These participants might have a basic idea but are not confident in their understanding. Another third (35.8%) openly admitted to not understanding how property insurance works, signifying a considerable knowledge gap.

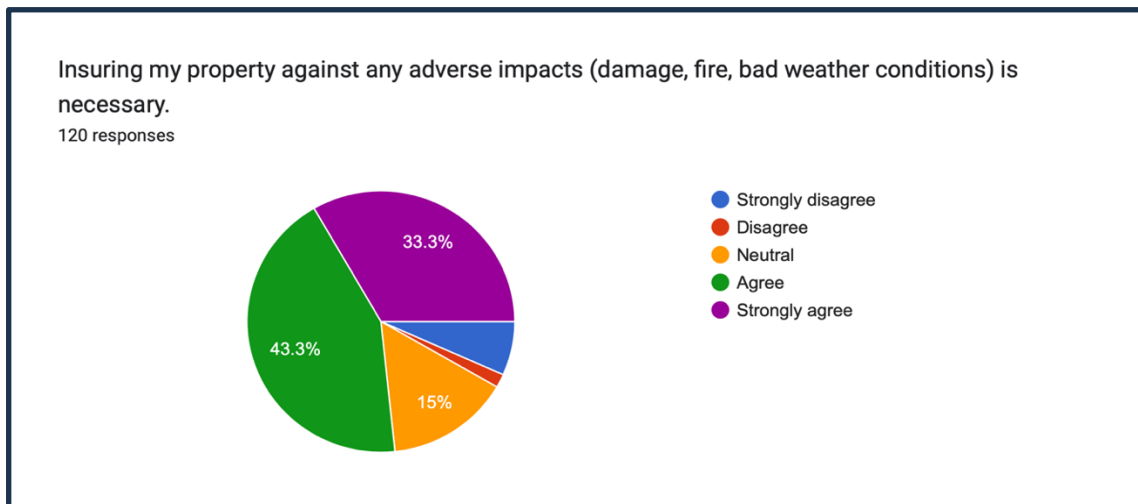


Figure 26: Perception about the necessity of insurance

The fact that majority of participants (76.6%) recognise the importance of property insurance suggests a high level of perceived value for protecting their property against risks. Despite this acknowledgement, these participants remain uninsured. This indicates that factors such as affordability, accessibility or distrust of insurance providers might be preventing them from acting on this belief.

Factor 2: Lack of trust in insurance companies

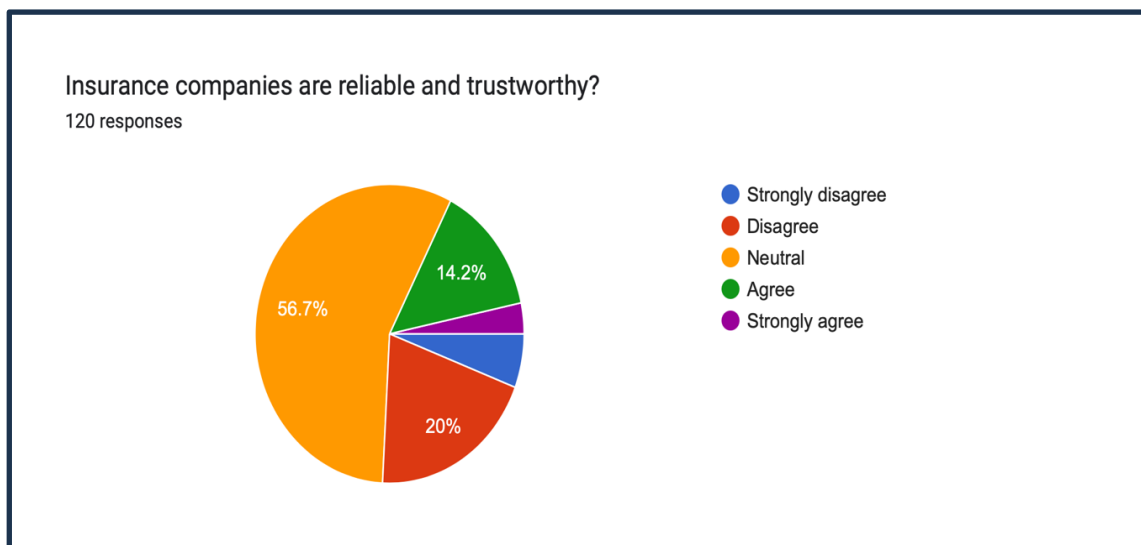


Figure 27: Reliability and trustworthiness of insurance companies

17.5% of participants indicated that insurance companies are reliable and trustworthy. This indicates a low level of confidence in insurance providers among the uninsured. Over a third (34.2%) actively disagreed that insurance companies are reliable and trustworthy. This highlights a significant mistrust of insurance providers within this group, which may act as a barrier to obtaining coverage. The majority (56.7%) were neutral, suggesting uncertainty or indifference. These participants may lack enough experience with or exposure to insurance companies to form a clear opinion.

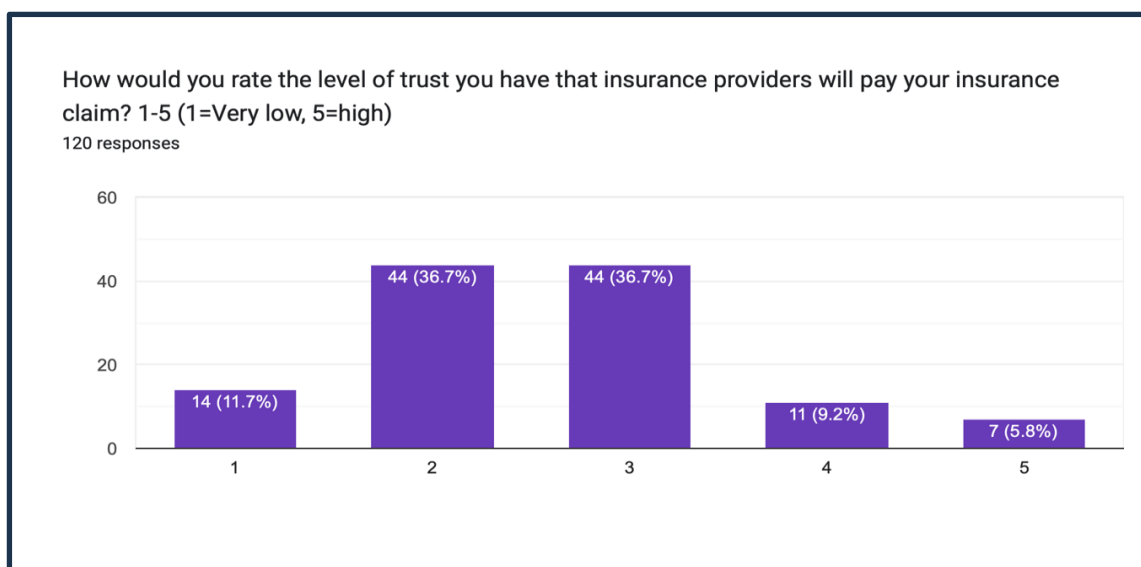


Figure 28: Level of trust that insurance providers will pay claim

Only a small minority (15%) of participants expressed a high level of trust in insurance providers to pay claims. This reflects a significant confidence gap in the claims process among the uninsured. Over one-third (36.7%) of participant's were neutral, indicating uncertainty or a lack of sufficient experience or knowledge about claims process to form an opinion. Nearly half (48.4%) of participants explicitly stated that they did not trust insurance providers to pay claims. This indicates widespread scepticism and serves as a significant barrier to engaging with insurance providers.

Most uninsured participants (85%, combining neutral and low trust) lack confidence in insurance providers' reliability in paying claims.

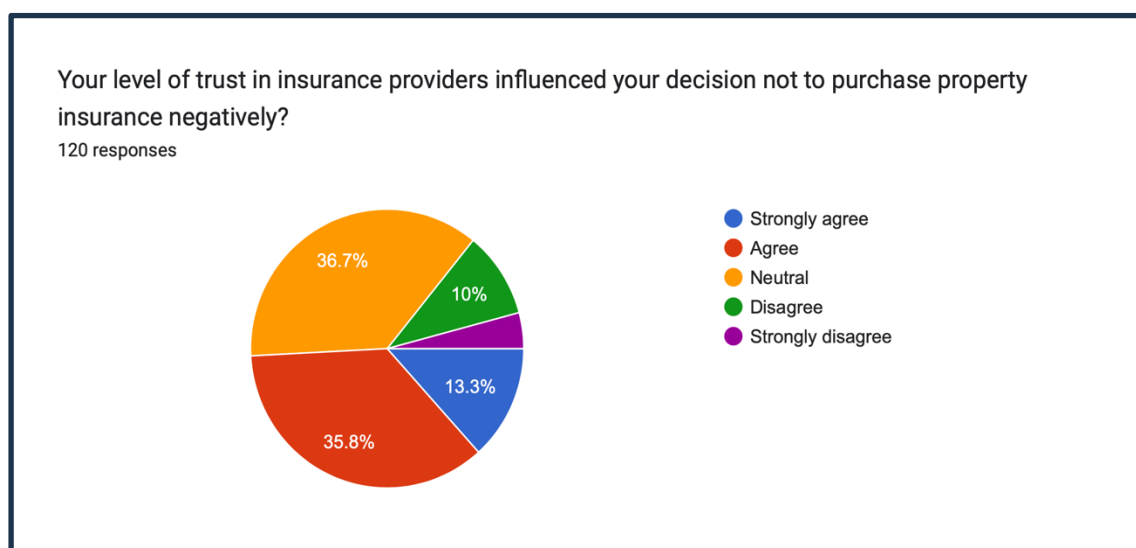


Figure 29: Influence of level of trust on purchase decision

A significant portion (39.1%) of respondents agreed that their lack of trust in insurance providers negatively influenced their decision not to purchase property insurance. This indicates that mistrust is a key barrier for most individuals, preventing them from purchasing insurance. A substantial portion (60.9%, combining neutral and disagreement) either downplayed its importance or did not consider it a major issue.

Factor 3: Poor service culture

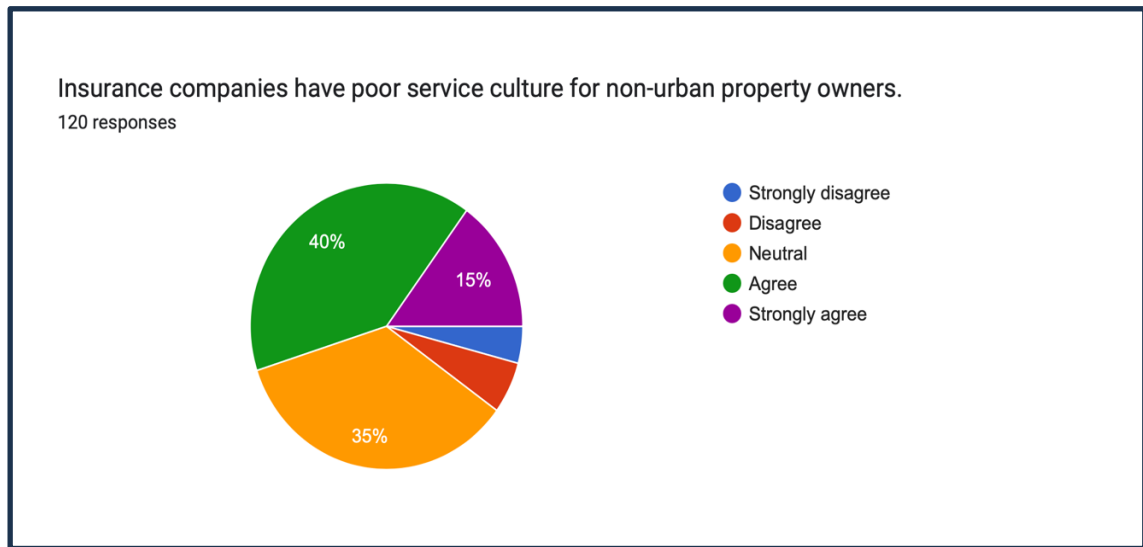


Figure 30: Service culture of insurance companies

Majority (55%) of respondents believe that insurance companies have poor service culture for non-urban property owners. This suggests that a significant portion of participants perceive inadequate support, accessibility, or responsiveness for those living outside of urban areas.

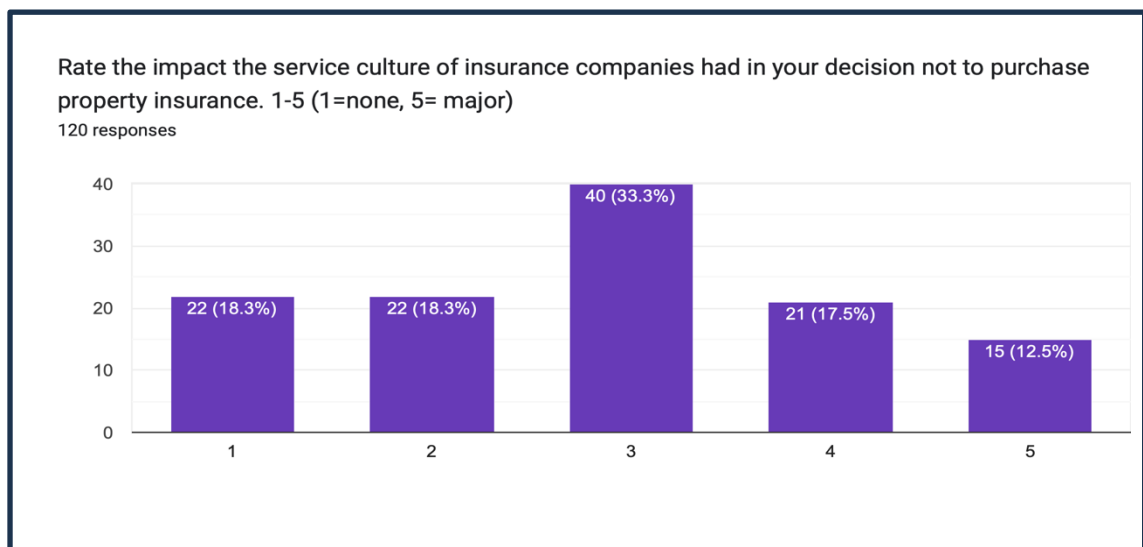


Figure 31: Impact of service culture on decision to purchase insurance

While a substantial group (30%) viewed service culture as a major deterrent, the majority (51.6%, combining neutral, little and no impact) felt it had limited or no influence. This highlights the significant role that negative experiences or perceptions of service quality can play in discouraging potential customers. This suggests that while improving service culture could address concerns for some, other factors are also essential in encouraging property insurance uptake.

Factor 4: Insurance policy cost

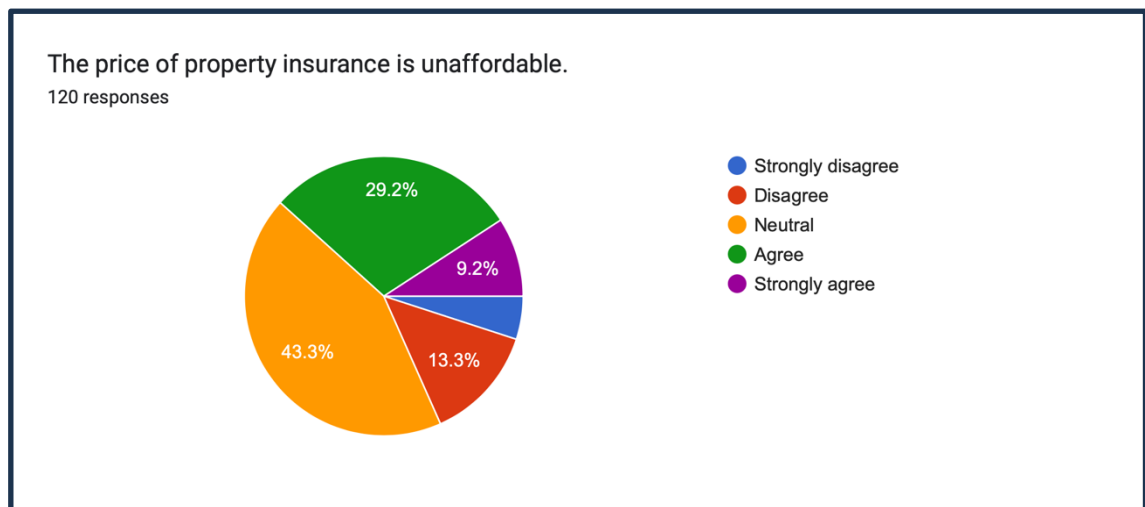


Figure 32: Price of insurance is unaffordable

While a significant minority (38.4%) perceive insurance as unaffordable, the largest group (43.3%) is neutral, suggesting that many may not have enough information or experience to judge affordability.

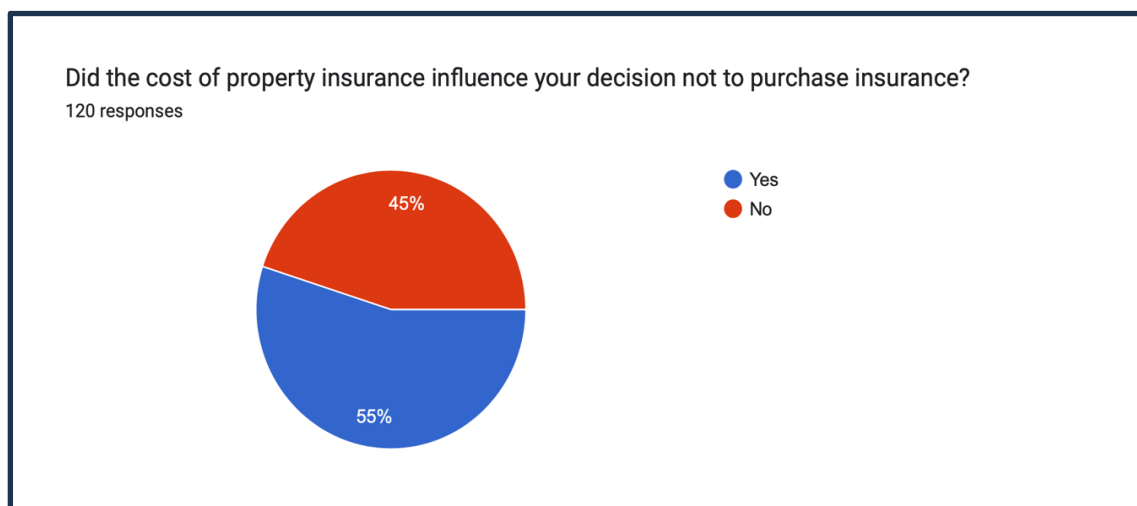


Figure 33: Influence of cost of insurance on the decision to purchase insurance

Majority (55%) of participants acknowledged that the cost of property insurance influenced their decision not to purchase it. This suggests that cost-whether perceived as unaffordable or not- is a significant consideration in the decision-making process.

Factor 5: Religious beliefs

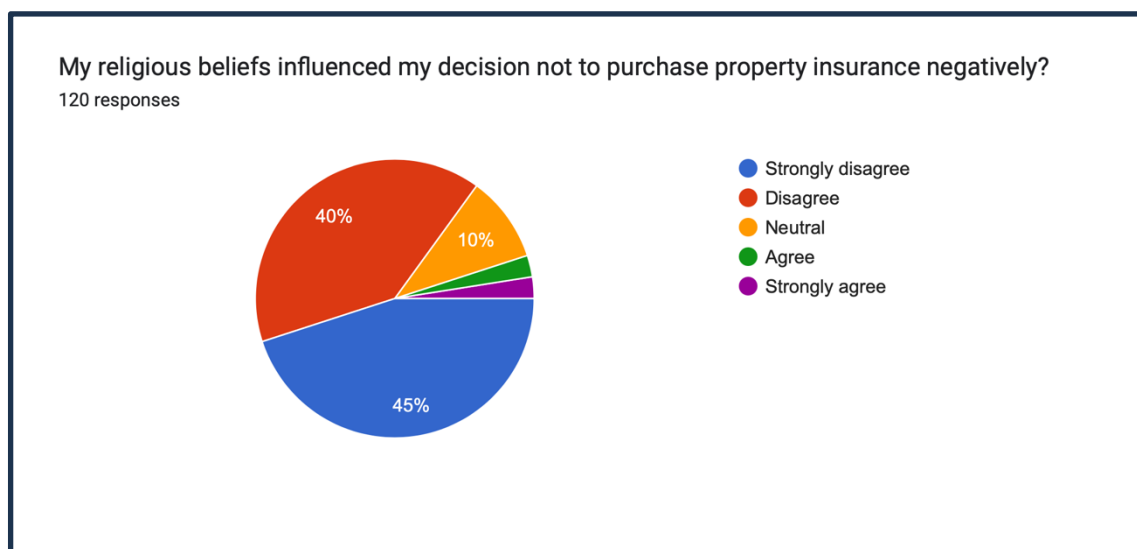


Figure 34: Influence of religious beliefs

The overwhelming majority (85%) of participants disagreed that their religious beliefs negatively influenced their decisions. The data indicates that religious

beliefs are not a significant barrier to purchasing property insurance for most of the participants (85%).

Factor 6: Few suitable insurances for rural homeowners

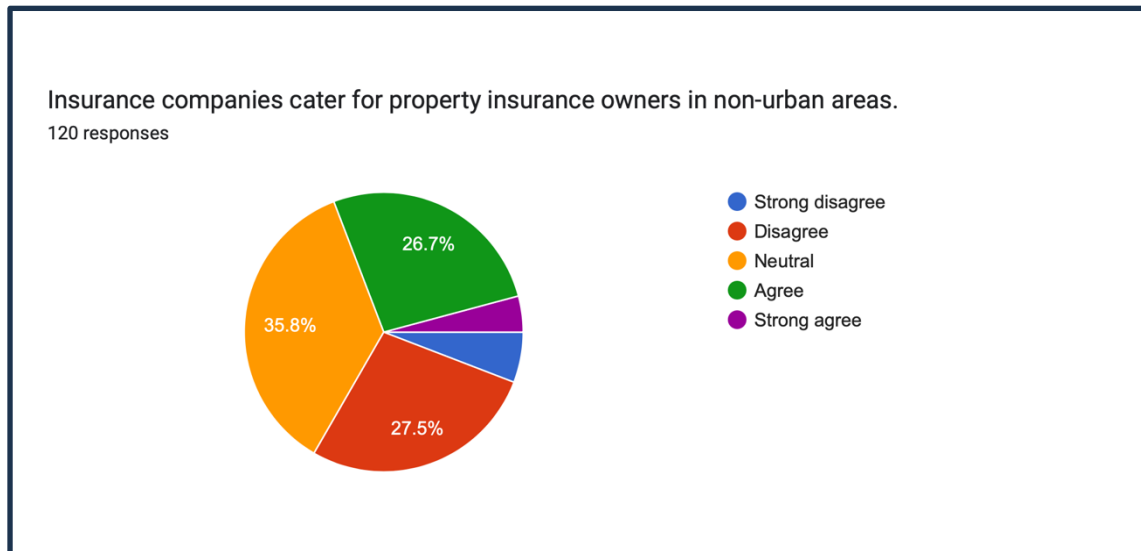


Figure 35: Insurance companies caters for non-urban areas

A minority (30.9%) of participants believe that insurance companies cater to property owners in non-urban areas. This suggest that some participants recognise availability of insurance services targeted at non-urban property owners. By implication, most of the respondents (69.1%) either disagree or remain neutral on this issue. This suggests that most participants perceive a gap in the level of service provided to non-urban property owners by insurance companies.

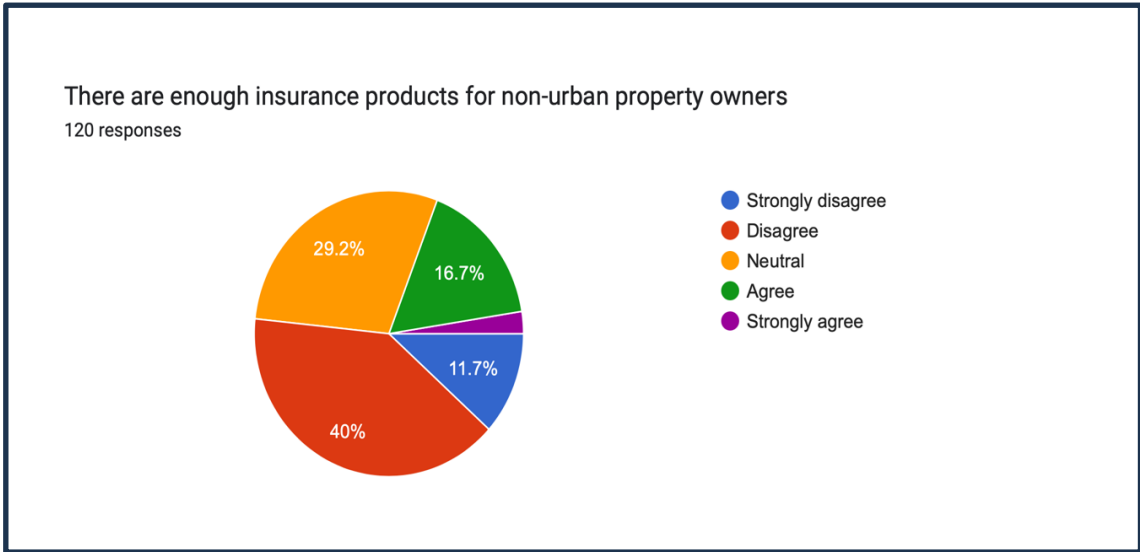


Figure 36: Availability of enough insurance products for non-urban areas

Majority of participants (51.7%) indicated that there are not enough insurance products for non-urban property owners. This indicates a significant perception that the insurance market does not adequately address the needs of non-urban property owners. The data suggests that majority of participants feel underserved in terms of insurance product availability for non-urban homeowners.

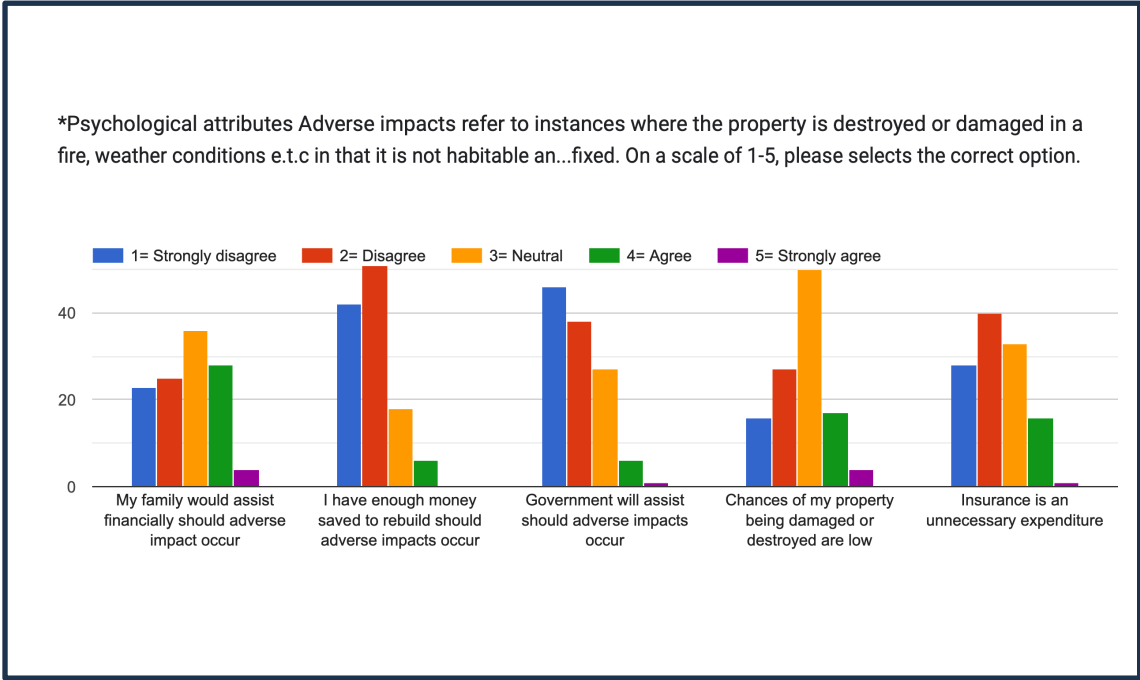


Figure 37: Psychological attributes

27% of participants indicated that their families would assist financially should adverse impacts occur. This suggests limited external support. Majority of participants (78%) indicated that they do not have enough money saved to rebuild should adverse impacts occur. This underscores financial vulnerability and the critical need for risk mitigation strategies like insurance. 70% of participants disagreed that the government will be able to assist should adverse impacts occur reflecting scepticism about institutional support systems in times of need.

18% of participants indicated that chances of their property being damaged or destroyed are low indicating that most participants may recognize the potential risk but feel unprepared to address it. A significant portion (57%) of participants view insurance as a potential solution to mitigate risks and protect against property loss. This indicates an awareness of the importance of insurance, despite barriers such as affordability and cost.

The findings highlight a combination of financial insecurity, limited reliance on external support, and a cautious perception of risk. While there is acknowledgment of insurance as a viable solution, practical barriers like cost need to be addressed to increase its uptake. Additionally, the lack of savings and scepticism toward government support emphasizes the need for accessible and trustworthy insurance products tailored to the needs of the rural homeowners.

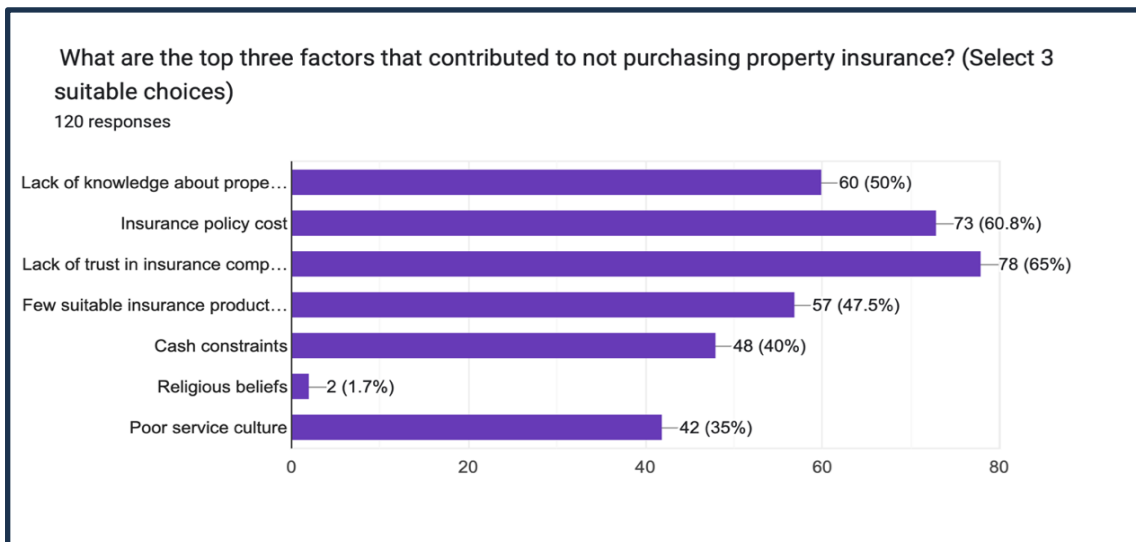


Figure 38: Top three factors that contributed to not purchasing property insurance

Lack of trust in insurance companies (65%) is the most significant factor, indicating that scepticism about the reliability and integrity of insurance providers strongly deters people from purchasing property insurance. The high cost of insurance (60.8%) is the second most important factor, highlighting that cost as a critical barrier to insurance uptake. Lack of knowledge about property insurance (50%) was ranked as the third factor. Lack of awareness or understanding of property insurance ranking third shows that knowledge gaps prevent many people from considering or purchasing property insurance.

The objective of this study is to determine whether on-urban homeowners are willing to purchase property insurance if their pain points are addressed.

Willingness to purchase insurance:

The second part of the research aimed to establish whether participants would be willing to purchase property insurance if the factors that influenced their decision were addressed. Understanding the willingness to purchase property insurance is essential for insurers, policymakers, and researchers to identify the factors influencing consumer decisions and address barriers to adoption.

While some individuals prioritise property insurance as a vital safeguard, others may perceive it as unnecessary or unaffordable. Gauging interest in property insurance helps insurers identify potential markets and tailor their products.

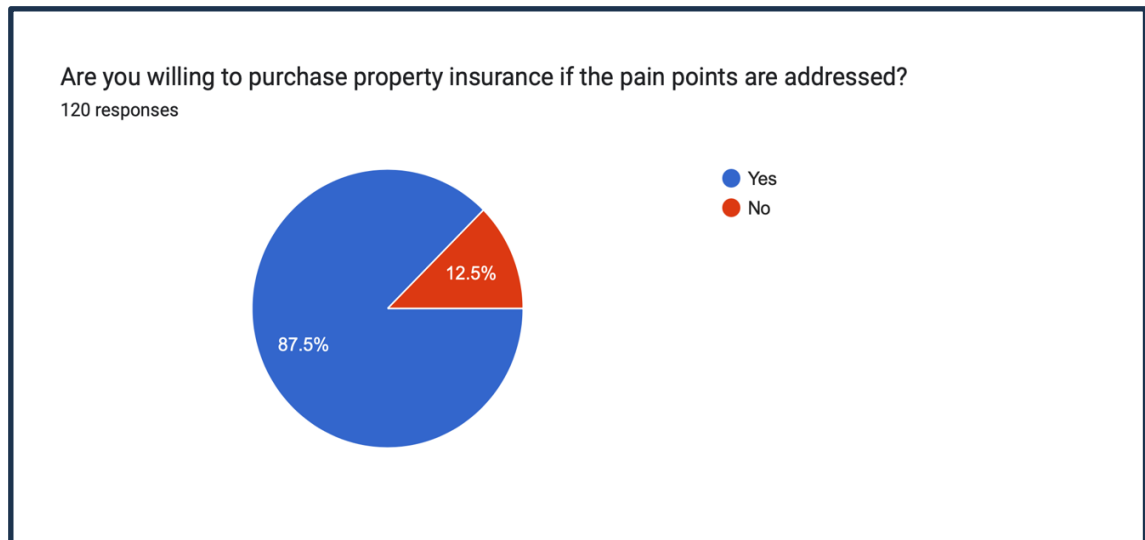


Figure 39: Willingness to purchase property insurance

Majority of participants (87.5%) indicated that they were willing to purchase property insurance if their pain points are addressed. This suggests a strong potential market for property insurance, if insurers take steps to meet consumer needs and alleviate their concerns. The overwhelmingly majority of participants express interest in purchasing property insurance, but willingness is conditional on addressing specific pain points. These include affordability, trust in insurers, or the relevance of coverage options.

This high percentage indicates that addressing consumer concerns could significantly increase adoption rates. This underscores a large untapped market for property insurance. Insurers who can tailor their offering to meet consumer needs are likely to gain a competitive advantage. Lastly, the high willingness suggests that participants generally view property insurance as valuable but are hindered by barriers that need to be mitigated for them to act.

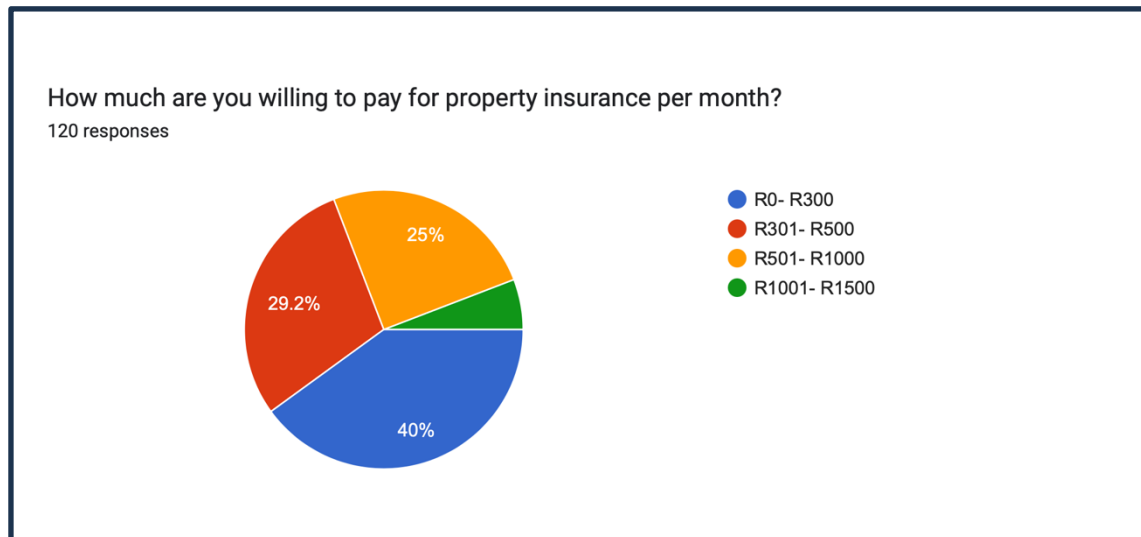


Figure 40: Price participants are willing to pay per month

Majority (40%) of the participants are only willing to pay between R0 and R300, indicating that affordability is a significant concern for a substantial portion of respondents. The group may represent low income individual or those with limited financial flexibility. 29.2% are willing to pay R301- R500 showing a sizable segment with moderate affordability. These participants might prefer more comprehensive coverage but still prioritise cost-effectiveness.

25% of respondents are willing to pay R501- R1000, suggesting a more financially secure group that values better coverage or additional features. Lastly, 5.8% are willing to pay R1001- R1500, reflecting a niche market segment with higher disposable income or a strong understanding of the value of comprehensive income.

Majority of participants fall into the lower payment brackets, emphasizing the need for affordable insurance solutions. The diverse willingness to pay suggest the need for a tiered insurance plan, ranging from basic to premium, to cater to different financial capacities. The distribution provides valuable insights into consumer affordability, enabling insurers to design more accessible and targeted property insurance offering.

4.3.3 Discussion

The objectives of this study were to determine the factors that influence property insurance purchase decisions of non-urban homeowners in South Africa and establish their willingness to purchase property insurance.

Several conclusions can be drawn from the results presented in chapter four and which pertains to the objective above. The researcher is of the opinion that the research provides meaningful findings and insights that could be generalised to the population.

4.3.3.1 Determination of factors that influence property insurance purchase decisions of non-urban homeowners in South Africa.

The responses from the survey indicate that the belief that people in the rural areas are illiterate is a misconception. Majority of the participants are employed and have a nett income of more than R10 001. In her article, (Brown N. , 2023), highlighted that people living in rural areas enjoy a lower cost living and lower levels of stress compared to people living in urban areas. Therefore, they should not be excluded from participating in financial due to the belief that they are illiterate and therefore poor.

52% of respondents who have property insurance indicated that they had knowledge of financial products and understood how it works, while 38% of those without insurance indicated that they have knowledge of financial products. For people to participate in today's economy, they must have financial knowledge (Loza, Romani, Castaneda, & Arias, 2024). This is an indication to show that the more knowledge people have about available products and services, the wiser decisions can they make.

Lack of knowledge of property insurance

As per figure 23, majority (90%) of the respondents without insurance indicated that they were aware that they can insure their properties against adverse

impacts, however, 70% of them indicated that they had limited knowledge about property insurance. Awareness is the capacity to be conscious of a new trend, such as new technology (Alordiah, et al., 2023). Knowledge is familiarity or comprehension of something or someone, such as ideas, information, description, or abilities, gained by discovery or learning through experience or education.

The main distinction between awareness and knowledge is that knowledge implies a thorough comprehension and acquaintance with a subject or technique, whereas awareness does not (Alordiah, et al., 2023). Awareness is a broad understanding of the property insurance while knowledge is a more thorough and specialised understanding of the property insurance. Therefore, the limited knowledge of property owners impacts whether to homeowners insure their properties or not.

Insurance policy cost

The results, as presented in figure 38, show that insurance cost is the second biggest factor that deters respondents from purchasing insurance. Several studies have shown that pricing is more critical and relevant to consumer buying behaviour (Huo, Hameed, Albasher, & Alqahtani, 2021). This outcome supports the findings of a study conducted by (Kiyak & Pranckeviciute, 2014) in Lithuanian that high insurance costs deters individuals from purchasing insurance.

Lack of trust in insurance companies

The respondents rated lack of trust in insurance companies as a leading factor that contributed to them not purchasing insurance. Trust is the consumers' expectations in seller that has appropriate behaviour in fulfilling their commitment to consumers (Gefen, Karahanna, & Straub, 2003). The consumers trust towards the selling party or entity will also increase his intention to purchase indirectly by reducing his or her perceptions of risk (Kim, Ferrin, & Rao, 2007). Scholars (Omar, 2007), (Ceballos & Robles, 2014) highlighted that the greatest deterrent

to buying non-life insurance was lack of trust in insurance providers and this study proved that right.

Few suitable insurance products for rural homeowners

Majority of the respondents indicated that there are few suitable insurance products for rural homeowners. Although this factor was not ranked amongst the top three listed, it is crucial because it has ripple effects on the other factors. If there are few offerings versus the demand, the prices of the available products become higher.

Cash constraints

Many consumers experience financial constraints, which impose economic limitations on their behaviours and restrict desired consumption daily (Tully, Hershfield, & Meyvis, 2015). This is not a unique experience for non-urban areas. It has an impact on South African spending patterns and what they choose to prioritise.

Illiteracy

Contrary to the belief that people in non-urban areas are illiterate, the respondents indicated otherwise. A few of the participants indicated that they do not have matric which may put them at a disadvantage in terms of understanding the product offering, however, majority indicated that they have matric as a minimum. This proves that the belief that people in rural areas are illiterate is a misconception or rather not entirely true in the South African context. In studies conducted by scholars (Emilefo, 2003), illiteracy was highlighted as one of the barriers, however, in South Africa this is not the case.

Religious beliefs

Interestingly, religion has not been flagged as a contributing factor in deciding not to purchase. In figure 34, religious beliefs were rated the least influential factor,

with only two respondents (1.7%), indicating that it had an impact in their decision. From the survey, it can be concluded that religion plays little to no role in influencing property insurance purchase decisions. Interestingly, this contradicts the findings of (Olaleye & Adegoke, 2009) (Emilefo, 2003) who found that the nations religion threaten the insurance industry's ability to expand in Nigeria.

Poor service culture

If people are not receiving value for their money or are not treated with outmost respect, they tend not to spend their money. 55% of participants as shown in figure 30 indicated that non-urban homeowners believe insurance companies service non-urban areas poorly as opposed to urban. (Olaleye & Adegoke, 2009) found that a deficient customer service culture influence the insurance industry's ability to expand in Nigeria.

4.3.3.2 Willingness to purchase property insurance

Additionally, the research aimed to establish if participants were willing to purchase property insurance. Majority of the participants (87.5%) indicated that they were willing to purchase insurance if their pain points were addressed. This shows that there is a market in non-urban areas that insurance providers need to tap into.

Addressing the issues identified through trust-building initiatives, cost reduction strategies, and targeted educational campaigns could significantly improve property insurance uptake.

CHAPTER 5. Conclusion and Recommendations

5.1 Introduction

In this chapter, a summary of the findings will be discussed with specific reference to the research question. The researcher will also discuss the conclusions that she deduced from this study. The researcher's recommendation will conclude the chapter.

5.2 Summary of findings

5.1.1 From Literature

Previous studies conducted in various developing countries have highlighted several critical factors influencing the intention to purchase non-life insurance. (Ulbinaitė, Kucinskiene, & Moullec, 2013) identified key drivers such as the acceptability of policy terms, the competence of insurance providers, financial attitudes, prior satisfaction with insurance experience, and the ability to reduce premium costs. In Nigeria, (Olaleye & Adegoke, 2009) emphasized the detrimental impact of religious beliefs, industry fraud, and poor customer service on insurance uptake. Similarly, (Emilefo, 2003) attributed the lack of an insurance culture to high illiteracy rates, poverty, and negative societal attitudes. (Kiyak & Pranckeviciute, 2014) found that high insurance costs and product complexity further discourage uptake in Lithuania. A common thread in multiple studies is a lack of trust in insurers, cited as the biggest deterrent (Omar, 2007). Insurance literacy remains a significant barrier, as noted by (Chummum, 2012), while low survey response rates, such as the 25.57% recorded by (Olaleye & Adegoke, 2009), reflect disinterest or scepticism towards insurance. Moreover, the increasing frequency of extreme weather events underscores the need for rural households to manage climate risks, yet adoption remains low due to limited financial resources and risk awareness (Ceballos & Robles, 2014). Although

technological access has improved—92.1% of South Africans now own a mobile phone and 78.9% have internet access (Statistics South Africa, 2001) comprehensive rural property insurance still lags behind other types like funeral and life cover (Skejana, 2023). Importantly, there remains a clear research gap in understanding the unique factors influencing rural household insurance purchase decisions in South Africa. Addressing this gap is crucial for designing effective insurance solutions that meet the needs of vulnerable rural communities.

5.2.2 From primary study findings

The primary objectives of the research were to 1) investigate the factors that influence property insurance purchase decisions of homeowners in South Africa and 2) determine whether homeowners would be willing to purchase property insurance. The main findings of the study related to objective 1 and 2, respectively, are presented below:

1. Lack of trust in insurance companies, insurance policy cost, lack of knowledge about property insurance, few suitable insurance products, cash constraints and poor service culture have an influence on the property insurance purchase decisions of non-urban homeowners. Religious beliefs played little to no role in deciding whether to purchase insurance or not.
2. Homeowners are willing to purchase property insurance if their pain points highlighted are addressed. Insurance companies must find a way to gain the trust of the public and with customers continuously resolving to social media and complaining about insurance providers, it will be difficult.

If there is a time to get insurance, it is now. With the recent devastating floods, storms and unpredictable weather conditions that are not normal, rural households need to invest in property insurance.

5.3 Summary of contribution

There is limited studies that have been performed in South Africa and Africa regarding property insurance in rural areas. The studies previously performed were related to microinsurance and life insurance. This study greatly contributes to the body of knowledge in that scholars and other researchers may refer to this study when they require an understanding of the factors that influence property insurance purchase decisions of non-urban homeowners. This creates an opportunity for further studies to be conducted to determine the relationship between the factors and the purchase decisions.

In practice, insurance companies are aware of what influences the decisions of non-urban homeowner. They will be able to tailor make insurance products offerings to be able to meet the needs of the homeowners. Additionally, since the homeowners indicated that they are willing to purchase property insurance, insurance providers may invest resources in to developing new offering because the need has been established.

5.4 Conclusions

Considering the findings of the study, the researcher can conclude the following

- 1) Illiteracy and religious beliefs do not seem to influence the decisions of non-urban owners regarding property insurance. However, factors such as insurance policy cost, lack of trust in insurance companies, few suitable insurance products for rural homeowners and poor service culture influence rural homeowners' decisions to purchase property insurance
- 2) Rural homeowners are willing to purchase property insurance should the pain points they have become addressed.

5.5 Policy Implications

The findings of the study have the implications of helping rural communities in rebuilding if adverse effects occur, give them financial freedom and insurance companies serving more customers which will in turn contribute meaningfully to the economy.

Insurance companies need to start viewing non-urban communities differently and as potential clients. They need to tailor make products that will suit non-urban areas and increase their product offerings in non-urban areas. New entrants must enter the market to serve non-urban communities and address their needs.

The department of rural development and human settlement should work together in equipping rural communities with the necessary knowledge in terms of property insurance. Additionally, they should consider introducing a subsidised insurance offering for non-urban areas as this will lessen the burden on government when adverse impacts occur and government needing to assist people.

The critical thing to do is to teach people about the importance of insurance and equipping them with the necessary information so that they can make informed decisions. Non-urban communities are very capable of participating in the short-term insurance (particularly property insurance) just as they are participating in the funeral insurance space.

If non-urban homeowners adopt the culture of purchasing property insurance, families will be saved from the embarrassment of being displaced when their properties burn, bad weather conditions arise, and they lose the properties they worked hard to build. Lately, more and more people resort to asking for donations to rebuild so insurance will be able to assist communities rebuild when adversities occur.

5.6 Limitations and future research

The study could not fully capture the diversity of non-urban homeowners due to a limited sample size. The impact is that the results did not generalise to all non-urban areas or groups with varying socioeconomic, cultural, or geographic characteristics.

The study could not account for all potential factors influencing property insurance decisions, such as broader macroeconomic trends, informal lending practices or cultural attitudes specific to certain communities.

Further research should be conducted to understand the reasons why insurance companies are not actively seeking to service non-urban areas. Understanding this would create a platform to resolve both challenges and ensure that the needs of both are met.

Comparative studies across different regions in South Africa, including urban, semi urban and non-urban areas should be conducted. This will help identify location-specific challenges and potential similarities in insurance adoption patterns. Investigation of how demographic factors such as age, gender, education level, and income influence property insurance decisions. Understanding demographic influences can help tailor insurance policies and marketing efforts to specific groups.

The design of insurance products- such as flexibility, coverage options, and payment terms-should be researched to determine if it meets the needs of non-urban property owners. Lastly, the psychological and behavioural factors, such as risk perception, loss aversion, and decision-making processes, in relation to property insurance should be explored. Understanding behavioural drivers can help design more effective marketing and engagement strategies.

Lastly, non-urban communities have a lot to offer and are continuously striving to improve and grow. This is evident from the massive houses that are being built

in these areas. They should therefore not be excluded from participating based on assumptions.

5.7 Quality assurance

Table 1: Test of reliability

Reliability			
Scale: ALL VARIABLES			
Case Processing Summary			
		N	%
Cases	Valid	166	100.0
	Excluded^a	0	.0
	Total	166	100.0
a. Listwise deletion based on all variables in the procedure.			
Reliability Statistics			
Cronbach's Alpha		N of Items	
.965		36	

Cronbach's alpha is 0.965 indicating that the test items are highly connected. The questionnaire consistently and accurately measures what it is intended to measure, across different situations and over time.

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Appendix A: Cover letter

Good day,

My name is Tebogo Molefe. I am a Master of Business Administration (MBA) Candidate at the University of the Witwatersrand, Johannesburg. My supervisor is Dr Sylvester Horvey. I am conducting a research study about factors that influence property insurance purchase decisions of non-urban homeowners in South Africa. The title of the study is "Investigating factors that influence property insurance purchase decisions of non-urban homeowners in South Africa."

I am inviting you to participate in answering the questionnaire. If you decide to participate, your participation will be treated as confidential. The data will be stored in a password protected laptop for five years and/ or deleted after five years. Only the researcher will have access to the data.

During the research activity, personal information collected is limited to biographic information. The survey questionnaire will be confidential and anonymous. When I share the results of the study, I will not include your name or any personal identifiers. Your participation in this study is voluntary and you may stop at any time.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email: hrecnon-medical@wits.ac.za.

Yours sincerely

Researcher:

Tebogo Molefe, 420140@students.wits.ac.za

Supervisor:

Dr Sylvester Horvey, Sylvester.horvey@wits.ac.za

APPENDIX B: Instrument

Section A: Qualifying criteria

Only participants who reside or have homes in non-urban areas can participate in the survey. The survey submits for participants who reside in urban areas and do not have properties in non-urban areas.

Residential Area	Urban Non-urban
Do you or your family own property in a rural area?	Yes No

Note: If the participant selects urban as residential area and indicates that they do not have property, the survey will end.

Section B: Biographic information

Age	1= 18-25 2= 26-35 3= 36-45 4= >45
Gender	1= Female 2= Male

	3= Prefer not to say
Marital status	1= Married 2= Living with partner (but not married) 3= Single 4= Divorced 5= Widowed
Race	1= Black 2= White 3= Coloured 4= Indian
Religion	1= Christian 2= Hindu 3= Islam 4= Judaism 5= African tradition 6= Other
What is your highest level of education?	1= No matric

	2= Matric 3= Bachelor's degree/ Diploma 4= Postgraduate degree
What is your employment status	1= Unemployed 2= Employed 3= Part-time employed 4= Self-employed
How much is your monthly nett income?	1= R0- R10 000 2= R10 001- R25 000 3= R25 001- R35 000 4= R35 001- R45 000 5= R45 001 or more
Which province do you or your family reside in?	1= North-west 2= Limpopo 3= Kwa-Zulu Natal 4= Mpumalanga 5= Northern Cape 6= Free State

	7= Western Cape 8= Eastern Cape 9= Gauteng
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Section C: Insurance

Do you have property insurance?	1= Yes 2= No
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Note: If the participants have insurance (yes), they will be redirected to section d and if they don't have insurance (no), they will be redirected to section e.

Section D: Motivating factor

Investigating factors that influenced the participants to purchase property insurance

On a scale of 1-5 (1= limited, 5= Very knowledgeable), how would you rate your knowledge of financial products (including insurance) available to you?	1= Limited 2= Somewhat limited 3= Neutral 4= Somewhat knowledgeable 5= Very knowledgeable
On a scale of 1-5 (1= Do not understand, 5= Fully understand), rate your understanding of how property insurance works?	1= Do not understand 2= Somewhat understand 3= Neutral 4= Somewhat understand 5= Fully understand

Insurance companies are effective in mitigating the adverse impact of risks properties are exposed to?	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree
Insuring property in rural areas against adverse impacts (damage, fire, bad weather conditions) is necessary.	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree

***Psychological attributes**

On a scale of 1-5 select the best suitable answer that describes your attributes

1. Houses in non-urban areas are exposed to risk 2. Insuring property in non-urban areas is necessary as a risk management tool 3. My financial knowledge influenced my decision to purchase property insurance 4. I am a risk-averse person 5. Property insurance is a necessary expenditure	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree
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***Marketing efforts**

On a scale of 1-5 select the best suitable answer that describes your attributes

1.The insurance policies available influenced my decision to purchase insurance.	1= Strongly disagree
2. Insurance companies are reliable and trustworthy	2= Disagree
3. Insurance policies are affordable	3= Neutral
	4= Agree
	5= Strongly agree

***Sociocultural environment factors**

On a scale of 1-5 select the best suitable answer that describes your attributes

1.Family opinions influenced my decision to purchase insurance positively	1= Strongly disagree
2. Friends opinions influenced my decision to purchase insurance positively	2= Disagree
3. The experiences of friends and family influenced my decision to purchase insurance positively	3= Neutral
4. Advice from my Financial Advisor influenced my decision to purchase insurance	4= Agree
	5= Strongly agree

***Communication sources**

On a scale of 1-5 select the best suitable answer that describes your attributes

1.I learnt about property insurance through traditional advertisements 2. Online advertisements influenced my decision to purchase insurance 3.Social media promotions contributed to my decision to purchase property insurance	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree
My religious beliefs influenced my decision to purchase property influence	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree
What kind of cover do you have?	1= Comprehensive cover 2= Cover against natural disaster. 3= Cover against theft or damage of home contents
How easy was it to find the suitable insurance product?	1= Very difficult 2= Difficult 3= Neutral 4= Easy

	5= Very easy
Have you claimed from your insurance provider since purchasing it?	1= Yes 2= No
If yes, on a scale of 1- 5 (1= very bad, 5= excellent), rate your claims experience	1= Very bad 2= Bad 3= Neutral 4= Good 5= Excellent
How would you rate the level of trust you have that insurance providers will pay your insurance claim? 1-5 (1=Very low, 5=very high)	1= Very low 2= Low 3= Neutral 4= High 5=Very high
Would you recommend property insurance to others?	1= Yes 2= No

Section E: Influencing factors

In this section, we investigate factors that influenced your decision not to purchase property insurance

On a scale of 1 to 5 (1= limited knowledge, 5=knowledgeable), rate how knowledgeable you are about property insurance	1= Limited knowledge 2= Somewhat knowledgeable 3= Neutral 4= Knowledgeable 5= very knowledgeable
Are you aware that you can insure your property against damage, theft or any adverse impacts that may render it inhabitable?	1= Yes 2= No
On a scale of 1 to 5 (1= limited knowledge, 5=knowledgeable), rate how knowledgeable you are about property insurance.	1= Limited knowledge 2= Somewhat knowledgeable 3= Neutral 4= Knowledgeable 5= very knowledgeable
On a scale of 1-5 (1= Do not understand, 5= Fully understand), rate your understanding of how property insurance works?	1= Do not understand 2= Limited understanding 3= Neutral

	4= Somewhat understand 5= Fully understand
Insuring my property against any adverse impacts (damage, fire, bad weather conditions) is necessary.	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree
Insurance companies are reliable and trustworthy?	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree
How would you rate the level of trust you have that insurance provider will pay your insurance claim? 1-5 (1= Very low, 5= high).	1= Very low 2= Low 3= Neutral 4= High 5= Very high
Your level of trust in insurance providers influenced your decision not	1= Strongly disagree 2= Disagree 3= Neutral

to purchase property insurance negatively?	4= Agree 5= Strongly agree
Insurance companies have poor service culture for non-urban property owners.	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree
Rate the impact the service culture of insurance companies had in your decision not to purchase property insurance. 1-5 (1= None, 5= Major)	1= None 2= Little 3= Neutral 4= Somewhat influenced 5= Major
The price of property insurance is unaffordable.	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree
Did the cost of insurance influence your decision not to purchase insurance?	1= Yes 2= No

My religious beliefs influenced my decision not to purchase property insurance negatively?	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree
Insurance companies cater for property insurance owners in non-urban areas.	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree
There are enough insurance products for non-urban property owners	1= Strongly disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly agree

***Psychological factors**

Adverse impacts refer to instances where the property is destroyed or damaged in a fire, weather conditions etc. in that it is not habitable and requires money to be fixed.

On a scale of 1-5, please select the correct option.

1. My family would assist financially should adverse impact occur	1= Strongly disagree 2= Disagree
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2. I have enough money saved to rebuild should adverse impacts occur	3= Neutral
3. Government will assist should adverse impacts occur	4= Agree
4. Chances of my property being damaged or destroyed are low	5= Strongly agree
5. Insurance is an unnecessary expenditure	

***Marketing efforts**

1. I often see advertisements about property insurance on television?	1= Strongly disagree
2. Insurance companies are putting enough efforts in raising awareness about property insurance in non-urban areas	2= Disagree
3. Insurance companies provide adequate opportunity to learn about available property insurance packages	3= Neutral
	4= Agree
	5= Strongly agree
What are the top three factors that contributed to not purchasing property insurance? (Select 3 suitable choices)	1= Lack of knowledge about property insurance
	2= Insurance policy cost

	3= Lack of trust in insurance companies 4= Few suitable insurance products for non-urban areas 5= Cash constraints 6= Religious beliefs 7= Poor service culture
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Section F: Willingness to purchase insurance

Determine whether participant would be willing to purchase property insurance if factors influencing their decisions negatively would be addressed.

Are you willing to purchase property insurance if the pain points are addressed?	1= Yes 2= No
How much are you willing to pay for property insurance per month?	1= R0- R300 2= R301- R500 3= R501- R1000 4= R1001- R1500
Was your property built by a builder or contractor registered with NHBRC?	1= Yes 2= No 3= Don't know

