International Review of Management and Marketing

ISSN: 2146-4405

available at http: www.econjournals.com

International Review of Management and Marketing, 2016, 6(4), 1094-1102.

Determinates of Demand on Purchasing Insurance Policies: Case of Jordan

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ABSTRACT

This study investigates the determinates of demand on purchasing insurance policies in Jordan to provide empirical evident which would assist insurance companies and policymakers by using these findings to design future insurance services and policies that can be geared to promote insurance market development. The study sample consists of 331 individual and 331 institutions. Total distributed questionnaires were 662, and total of 552 valid questionnaires were returned and included in the analysis. Descriptive statistics and stepwise logistic regression have been used to investigate whether the variables (promotion and advertisements, cost, social safety, comparative advantage, quality and income) are able to explain the demand on insurance policies in Jordan. The results show that the variables (promotion and advertisements, social safety, comparative advantage and quality) have a significant effect on the demand of insurance policies while the variables (cost and income) were statistically insignificant and have no effect on the demand. Based on the findings it is recommended that the insurance companies should promote their insurance services through advertisement campaigns, and innovate their services in order to compete effectively, gain competitive advantage, and increase the service quality.

Keywords: Insurance Companies, Demand, Cost, Quality
JEL Classifications: G220, L840, L150

1. INTRODUCTION

Insurance industry plays a significant role in modern economies. The insurance business started a long time ago, approximately in 1840. The industrial revolution and the first auto insurance had risen in 1898 (Tunde, 2015). The insurance industry has developed to be one of the most important drivers of economic growth. Due to continuous technological advancements and the move towards globalization, the insurance industry became more important and the value proposition and nature of the insurance business have adapted these changes. The increases of uncertainty and complexity in business environments was a cause for insurance to become a key component since it has the ability to cover such risks related to businesses, social groups and individuals. The insurance sector helps societies and the economic growth in many ways as, managing the risk, encouraging loss mitigation, enhancing peace of mind, promoting financial stability, providing all services of social protection, and providing safety and security. Furthermore, the insurance is pooling of fortuitous by transfer of such risks to insurer, and it helps to reduce worry and fear in societies (Rejda and McNamara, 2014).

The insurance sector is usually affected by many factors. Therefore the research work should cover all aspects related to the demand of purchasing insurance policies (Al-Rawashdeh and Smadi, 2012).

The insurance industry in Jordan is concentrated at one side and fragmented at the other. Around 53.6% of total market share of premiums written in 2015 related to the only five companies. The Jordanian insurance industry has low penetration rate of 2.13% compared to a global average of 6.23%, despite the rising population, buoyed by the influx of refugees from Syria and Iraq, as well as mandatory insurance in the motor insurance segment, and potential implementation of a universal coverage system for Jordanians under the health insurance umbrella (mit.gov.jo, 2015).

The insurance industry in Jordan consists of 25 companies that provide insurance services in a mix of prices, specialization, and

quality. These companies are competing over a small market, the average market share is 3.57% per company, which makes the competition in the market very severe and somehow unclear in direction; also the insurance industry is protected from international competition to a certain extent, for example Jordanian properties must be insured with local insurance companies (Jordan National Competitiveness Observatory, jnco.gov.jo.2016).

Based on above argument this study is aiming to investigate the determinants of demand on the insurance policies in Jordan, by studying the different possible factors that might be affecting the demand of insurance by individuals and institutions. In order to achieve the purpose of this study, the following questions will be addressed:

- What is the impact of the insurers' effort in promoting and advertising there services?
- What is the impact of cost of the insurance policy on the demand on insurance policies?
- What is the impact of social safety on the demand on insurance policies?
- What is the impact of comparative advantage of insurers on the demand on insurance policies?
- What is the impact of quality of the insurance services on the demand on insurance policies?
- What is the impact of insured party's income on the demand on insurance policies?

This study is considered as importance study due to the necessity of understanding the nature of insurance industry in Jordan and identifying the main factors that drive the demand on the insurance policies. Furthermore, previous studies focused on developed countries; it was rare to find studies that covered a developing country like Jordan. The outcome of this study expected to add value to the society and main players in the industry. This study also will pave the way for more study work about this important discipline in developing countries, especially in Jordan. Therefore it will try to achieve the following objectives:

- To examine the impact of the quality of insurance services, cost of insurance policy, social safety, efforts in promoting and advertising, comparative advantage of insurers, and insured party's income on the demand on insurance policies.
- To suggest valuable recommendations for Jordanian Insurance Companies that could help the decision makers in enhancing the development of the industry and services provided.

2. LITERATURE REVIEW

Several disciplines dealt with the concept of insurance like law, economics, history, actuarial science, risk theory, and sociology. Insurance is the pooling of fortuitous losses by the transfer of such risks to insurers, who agree to compensate insured party for such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with the risk. The aforementioned definition is useful for analyzing the common elements of a true insurance plan. An insurance plan should include the following characteristics, that are: Pooling of losses, payment of fortuitous losses, risk transfer and indemnification (Rejda and McNamara, 2014. p. 20).

According to US Department of Labor Hand Book (2008), insurance is considered as a mean of protection from financial loss. The company which provides insurance is known as an insurer, and a person or an institution who buys insurance is known as an insured or policyholder. The policyholder receives a contract, called the insurance policy, which details the conditions and circumstances under which the policy holder will be financially compensated for any possible losses. The amount of money charged by the insurer to the policy holder for the coverage set forth in the insurance policy is called the premium. According to Robins et al. (2000), when the policy holder experiences a loss which is potentially covered by the insurance policy, the insured submits a claim to the insurer for processing by a claims adjuster.

Insurers generally provide three principal services; risk-pooling and risk-bearing, intermediation, and real financial services relating to insured losses. Insurers provide a mechanism for individuals and businesses exposed to insurable risks to engage in reducing risk through risk-pooling. Insurers collect premiums from their customers and redistribute most of the funds to those who sustain losses. Policyholders receive a discount in the premiums they pay to compensate for the opportunity cost of the funds held by the insurance companies. Insurers also provide a variety of real services for policyholders. These services include risk surveys, the design of coverage programs, recommendations regarding deductibles and policy limits, and loss prevention services. Since insurance outputs consist primarily of services, many of which are intangible, it is necessary to find suitable proxies for the volume of services provided by insurers (Cummins et al., 1999).

There are many previous studies tackled specific factors that affect the demand for insurance policies like the quality of insurance services provided, cost of insurance policy incurred by insurer, comparative advantage of insurers, and insured party's income (Irulappan and Bincy, 2014; Kuldeep et al., 2014; Pashaie et al., 2013; Poor et al., 2013; Curac et al., 2013; Vikash, 2012; Negi and Singh, 2012; Selvavinayagam and Mathivanan, 2010; Lavanya, 2008; Keerthi and Vijayalakshmi, 2009; Dhar and Dhar, 2003; Arunachalam, 2011).

Insurance demand theory, which is based on the expected utility paradigm, suggests that the purchase of insurance depends on a number of different factors (Showers and Shotick, 1994) studied the impact of household characteristics on demand on different types of insurance services (health, life, auto and homeowners insurance) using data from 1723 households from the 1987 Consumer Expenditure Survey. They found that income and number of earners are positively correlated with household's demand for insurance. However, the marginal effect of the increase of income is greater for single-earner households than for multiearner households. In addition, the marginal increase in insurance expenditure of the increase of income decreases as either family size or age increases. Browne and Kim (1993) examined the factors that lead to variations in the demand for life insurance in 1987 based on a sample of countries spread throughout the world and find that the dependency ratio, national income, government spending on social security, inflation, and the price of insurance are important factors that affect the demand for life insurance.

The dependency ratio, national income, and social insurance are positively correlated with life insurance demand whereas inflation and the price of insurance are negatively related with life insurance demand. Outreville (1996) studied the life insurance markets in developing countries, using cross-section data for 48 developing countries in 1986, and found that life insurance is affected by income, the anticipated rate of inflation, life expectancy at birth, the level of financial development, and the presence of a monopolistic market. Demand for life insurance is negatively affected by anticipated rate of inflation and presence of a monopolistic market but is positively associated with income, life expectancy at birth, and level of financial development. Babbel (1985) studied the price sensitivity of consumer demand for whole life insurance based on whole life insurance sold in the US during the period of 1953-1979 and found that new purchases of whole life insurance are inversely related to changes in a real price index. Browne et al. (2000) studied the demand for automobile and general liability insurance consumption across OECD members over the period 1987-1993 and found that income, wealth, the percent of a country's insurance market controlled by foreign firms, and the form of the country's legal system are related to demand for both types of insurance. Furthermore, Outreville (1996) studied the property-liability insurance at the international level. Based on cross-section data of 55 developing countries in 1982, he found that the demand for property liability insurance is related to the personal disposable income and to the country's level of financial development. The income elasticity is greater than one, and the demand for insurance increases significantly as the level of financial development increases. Sherden (1984) studied the demand for three major automobile insurance coverages (bodily injury, comprehensive, and collision) based on cross-section data of 39 towns and cities in Massachusetts in 1979 and found that the demand for these three coverages is related to the population density and is inelastic in respect to the price and income.

3. RESEARCH METHODOLOGY

The design of this research was qualitative; based on literature review and a questionnaire used to measure the factors that might affect the demand on the insurance policies. A likert 5-point scale was used to investigate these factors. The questionnaire is structured to measure the six variables; it includes a total of 45 questions designed to evaluate the respondent's opinions and/or their expectations about these variables.

3.1. Hypotheses of the Study

Main hypothesis:

H_0: There is no impact of insurers' efforts in promoting and advertising, cost of the insurance policy, quality of the insurance services, cost of the insurance policy, comparative advantage of insurers and insured party's income on the demand on insurance policies.

Sub-hypotheses:

H_{01}: There is no impact of the insurers' efforts in promoting and advertising on the demand on insurance policies.

H_{02}: There is no impact of cost of the insurance policy on the demand on insurance policies.

H_{03}: There is no impact of social safety of the insurance policy on the demand on insurance policies.

H_{04}: There is no impact of comparative advantage of insurers on the demand on insurance policies.

H_{05}: There is no impact of quality of the insurance services on the demand on insurance policies.

H_{06}: There is no impact of insured party's income on the demand on insurance policies.

3.2. The Sample of the Study

The sample of the study consists of insurers who are the beneficiaries of insurance policies; both individuals and institutions, the sample included 331 individuals and 331 institutions, the total distributed questionnaires were 662, and a total of 552 valid questionnaires were returned and included in the analysis.

3.3. Study's Variables

3.3.1. Promotion and advertisement

The efforts to promote insurance services by insurers through advertisement campaigns would increase the level of awareness to the benefit of purchasing insurance policies by attracting more insurance buyers and enhancing the demand for purchasing insurance policies. This fact has been supported by Hakimi and Heidari (2015), Quchani et al. (2013), Taghizade (2011), Rostaie (2010). The lack of public knowledge about insurance services is one of the main factors of weak development in national insurance industry, since insurance services depend upon developing people knowledge and awareness (Rostami, 2009). Therefore insurance advertisement is effective in attracting customers (Taghizade, 2011), also Robinson (2009) particularly confirmed the effect of TV advertisement effectiveness on insurance customers. While, Mavahebi (2009) argued that insurance industry advertisements are not effective nor enough for selling insurance services through the media and Harati (2006) also claimed that the advertisement would not be adequate for promoting and encouraging people to buy insurance services.

3.3.2. Cost of insurance's policy

For insurers, higher claims will increase the costs for insurers thereby eroding profitability, Arunachalam (2011) claimed that there is a mismatch between willingness to pay and perceived high price of insurance products. Petkovski and Jordan (2014) confirmed that the inflation - which means a higher cost - has a negative relation to the demand on non-life insurance, also Beck and Webb (2003) found that the inflation (costs) are the most robust predictors of life insurance consumption, while income is only a weak predictor. Babbel (1985) confirmed that there is a negative relation between the price of insurance services and the demand of insurance. Raman and Gayathri (2004) noted that the companies need to improve its services, and the price is major factor that effect the demand of the companies services.

3.3.3. Social safety

Insurance is a way of managing risks; customers buy insurance policies to transfer the cost of potential loss to the insurance company in exchange for premium. Cheng and Yu (2015) have noticed that the level of income and social security mainly effected the demand for life insurance and inflation mainly effected

the demand of non-life insurance demand, and Li et al. (2007) confirmed that the purchasing of insurance increase with higher level of social security, Ward and Zurbruegg (2002) noted of the existence of a positive relation between the social security and demand for insurance, Lewis (1989) found an positive relation between social security and demand of insurance. While, Browne and Kim (1993) noticed that when social security expenditures increased the demand for life insurance decrease, and he confirmed that the negative effect of social security system on life insurance consumption.

3.3.4. Comparative advantage

Competitive advantage is an organization's ability to perform in one or more ways that competitors will not and cannot match (Kotler, 2000) and is realized by the organization's marketing strategy, the implementation of this strategy and the context in which competition unfolds. The target consumers will be the core and center of the organization's marketing strategy (Epetimehin, 2011). Insurance companies should innovate their services in order to compete effectively, meet consumer needs, and adapt changing in regulatory requirements (Lavanya, 2008). Vikash claimed in his study to the importance of on-line business for the insurance companies, that the on-line self-services are more effected because it will influence customers purchasing decisions which promotes companies competitiveness (Vikash, 2012). Also Keerthi and Vijayalakshmi (2009) confirmed that the purchasing of the services decision of the consumer depends upon quality, accessibility, company commutative advantages, and promptness of service. Additionally, Selvavinayagam and Mathivanan (2010) confirmed that competition between insurance companies has changed dramatically, in addition to changing in the expectations of policyholders, therefore the companies should always work on developing new products in order to gain competitive advantage.

3.3.5. Quality of services variable

Poor et al. studied the quality factor in insurance and explained the quality as the ability and validity of insurers in guaranteed of services provided. His study aimed to evaluate the quality of insurance services, and he found that insurance services quality and trust to staff has an impact on willingness of the insured to buy insurance policy (Poor et al., 2013).

Negi and Singh studied the factors which Influence Purchasing of Life Insurance policy. He measured the consumers' perception and attitude towards insurance, and he found that after studying the five different factors, the product quality and branch image were significant factors effecting the demand on the purchasing of insurance policy (Negi and Singh, 2012). Pashaie investigated the necessity that the insurer should gear up customer services and quality improvement, and he recommended that the insurance companies should bring innovative solutions to the client (Pashaie et al., 2013). Kuldeep found that the there is a negative significant of service quality received by customers from the company. So the insurance companies should think strategically to improve its customer services (Kuldeep et al., 2014). Dhar and Dhar (2003) discussed the insurance companies consumers' expectations about services and they found that these expectations tend to be strongly influenced by their prior experience of outcomes with a particular service provider. Irulappan and Bincy, in their study confirmed that the consumers have become more critical of the quality of service, and customers are aware of the services provided from the insurance companies which affect the demand of the insurance services (Irulappan and Bincy, 2014).

3.3.6. Income variable

Buying insurance policies would affect the demand on insurance services, Dragos studied the demand on life and non-life insurance and he has confirmed that income and its distribution are important factors of influence for insurance demand (Dragos, 2014). Beck and Webb (2003) also explained that when the level of income get higher the demand for life insurance demand rises. Similarly, Ward and Zurbruegg (2002) discovered a positive relationship between income and expenses for property liability insurance. Furthermore Feyen et al. (2011) found that individuals with higher education generally have higher incomes and tend to purchase life insurance policies. Sharkodie and Yousif (2015) Treerattanapun (2011), Lee et al. (2010), Nesterova (2008) confirmed that there is a positive relation between the income and the demand on insurance policies. While, Park and Lemaire (2011) claimed that the long-term orientation and the demand for life insurance founded a negative relation between the income and the demand of insurance.

Income has a positive effect on insurance demand. Been Stock et al. (1988), also Outreville (1996) found a positive relationship between property/liability insurance demand and the gross domestic product (GDP) per capita. Furthermore, Browne et al. (2000) found a positive relationship between income and demand for automobile insurance, while Sherden (1984) found that automobile insurance is perceived as necessary to be purchased therefore it is insensitive to income.

4. INSURANCE SECTOR IN JORDAN

Jordanian's insurance sector is an important economic sector, the total insurance premium were 2.07% of total country GDP at the end of 2014.

Jordanian's insurance sector consists of 25 insurance companies that are licensed to provide insurance services, including one company licensed to practice life insurance business, 9 companies licensed to practice general insurance business and 15 companies licensed to practice both types of insurance (general insurance and life insurance - composite companies). Additionally, two foreign insurance companies that are not working in Jordan (Regional Company and representative office) are also subject to the supervision of the Insurance Administrative/Ministry of Industry and Trade and Supplies (2015). It is noteworthy in this regard that there are two companies practicing Takaful insurance business; one licensed to practice general insurance business and the other licensed to practice both types of insurance together (general insurance and life insurance). The Jordanian insurance sector includes branch for a foreign company licensed to practice life insurance business. The insurance sector also includes insurance supporting services providers totaling 931, as at the end of 2014, distributed as follows: 584 insurance agents, 149 insurance brokers, 23 reinsurance brokers, 58 loss adjusters

and surveyors, 31 insurance consultants, 19 actuaries, 1 cover holder, 16 companies administrating insurance business, and 11 banks licensed to practice banc assurance, in addition to the approval that has been granted to practice of reinsurance business broker within the Kingdom for 39 re-insurance brokers residing outside the country (mit.gov.jo, 2015).

5. RESULTS OF THE STUDY

This section overviews and discusses the results of the study which include descriptive statistics like median, mean and standard deviations, in addition to the results of hypothesis testing through stepwise logistic regression.

5.1. Descriptive Statistics

The results of descriptive statistics for the sample under study are shown in Table 1. As appears in the Table 1, approximately 53.3% of respondents are males, also 61.7% of the respondents hold a bachelor degree. Regarding their occupied positions the results revealed that 69.8% are employees, 15% heads of departments and 6% are managers. Notably, a higher percentage of respondents from the employee's level would improve the study results as they are more involved in detailed daily operations than who occupy higher positions. Regarding the respondents experiences, most of the respondents are considered highly experienced; 67.2% have approximately 11 years of experience and above and for insurance type, 91.2% of respondents are familiar with that provide none-life insurance services.

5.2. Reliability Testing

Cronbach's alpha test was used to test the stability of the study's tool. As shown in Table 2, it is clear that all of variables' coefficients are more than 0.8, which suggests that it is a valid tool for achieving the purpose of the study.

5.3. Appropriateness of Data to Test the Study's Hypotheses

In order to ensure the suitability of the data to be used with regression analysis, it was ascertained that there's no multi-collinearity between independent variables. In Table 3 it is noted that the variance inflation factor for each variable does not exceed the value of 10, and that all values for tolerance were >0.05.

5.4. Importance of Study's Variables

A Statistical package SPSS program was deployed and descriptive statistical techniques were used like (mean, standard deviation, and percentages, and the relative importance). Likert 5 scale method was used to categorize the results of measuring the variables, based on following formula:

The length of category = Highest rate − Minimum rate = (5−1)/3 = 1.33,

Therefore there should be 3 levels of importance as shown in Table 4.

From Table 5, it is noted that the all study's variables are important, and they obtained a high level of importance, except the variable "quality" got a medium level with a mean 3.58. Also it is noted that the variable "income" got the highest degree with mean 4.09, and the mean of dependent variable. "The demand for insurance policies" is 3.9 which is related to a high level of importance.

Table 1: Description of demographic variables

Variable	N (%)
Gender	
Male	298 (53.3)
Female	261 (46.7)
Age	
<30	93 (16.6)
From 30 to 40	289 (51.7)
More than 40	177 (31.7)
Educational	
Secondary and below	37 (6.6)
Diploma	117 (20.9)
Bachelor	345 (61.7)
Postgraduate	60 (10.7)
Type of position	
Manager	37 (6.6)
Head of department	84 (15.0)
Employee	390 (69.8)
Others	48 (8.6)
Experience	
<5	77 (13.8)
From 5 to 10	159 (28.4)
From 11 to 15	217 (38.8)
More than 15 years	106 (19.0)
Insurance type	
None-life	510 (91.2)
Life	0 (0.0)
Both of them	49 (8.8)
Total	559 (100.0)

Table 2: Cronbach's alpha coefficients

Variable	Cronbach's alpha
Quality	0.81
Cost of policy	0.92
Social safety	0.90
Comparative advantage	0.96
Income	0.88
Promotional and advertisement	0.86
The demand for insurance policy with moderator	0.90

Table 3: Variation and tolerance test results

Model	Collinearity statistics	
	Tolerance	VIF
Quality	0.641	1.56
Costs	0.454	2.203
Social safety	0.542	1.846
Comparative advantages for insurance companies	0.432	2.317
Income	0.584	1.713
Promotional and advertising campaigns	0.672	1.986

VIF: Variance inflation factor

5.5. Test the Hypotheses of the Study

Main hypothesis:

H_0: There is no impact of promoting and advertising, cost of the insurance policy, social safety of the insurance policy,

comparative advantage of insurers, quality of the insurance services, insured party's income, on the demand on insurance policies.

Sub-hypotheses:

H_{01}: There is no impact of the insurers' efforts in promoting and advertising on the demand on insurance policies.

H_{02}: There is no impact of cost of the insurance policy on the demand on insurance policies.

H_{03}: There is no impact of social safety of the insurance policy on the demand on insurance policies.

H_{04}: There is no impact of comparative advantage of insurers on the demand on insurance policies.

H_{05}: There is no impact of quality of the insurance services on the demand on insurance policies.

H_{06}: There is no impact of insured party's income on the demand on insurance policies.

To test the main hypothesis and the related sub hypotheses, a stepwise logistic regression was used, through the Statistical Package for SPSS, and model summary shown in Table 6.

After running the analysis, five different models were produced. The most suitable mode of stepwise logistic regression is the highest adjusted R^2: 48.8 when it includes the variables (promotional and advertising campaigns, social safety, comparative advantages for insurance companies, quality) are included while the variable cost is excluded, this can be explained through Table 7 shown hereunder:

Table 4: Statistical criterion for interpreting means of the study variables

Level	Category
Low	1-2.33
Medium	2.34-3.66
High	More than 3.66

Table 5: The statistics descriptive study's variables

Variable	Mean±standard deviation	Level
Quality	3.58±0.606	Medium
Costs	3.87±0.622	High
Social safety	4.06±0.592	High
Comparative advantages	3.91±0.671	High
Income	4.09±0.655	High
The demand for insurance policies	3.90±0.483	High
Promotional and advertising campaigns	4.0936±0.57320	High

From Table 7, the stepwise regression confirms that we have some effective variables and other variables did not confirm to have any effect on the demand on the insurance policies in Jordan, as follows:

The analysis provided an evidence that the promotional and advertising campaigns have an effect on the demand on insurance policies with <5% a significant at 0.000 and high t value 19.302, this result confirms the previous study work like; Hakimi and Heidari (2015), Quchani et al. (2013), Taghizade (2011), Rostaie (2010), who confirmed that promoting insurance services through advertisement campaigns would increase the level of purchasing insurance policies by attracting more insurance buyers and enhancing the demand for purchasing the policies. Based on this we can reject the null sub H_{01} hypotheses and accept the alternate one.

Regarding the cost variable; it was insignificant at 0.068 which is more than 0.05, therefore it has no impact on the demand on insurance policies. This result contradicts the previous study work done by; Arunachalam (2011), Petkovski and Jordan (2014), and Beck and Webb (2003), who claimed that higher cost has an negative relation to the demand on insurance, which proposes to accept the null sub hypothesis H_{02}.

Regarding the variable social safety, the analysis provided an evidence that this variable has an effect on the demand on insurance policies with <5% a significant at 0.005 with an acceptable level of t value 2.831. This result supports the previous study work of Cheng and Yu (2015), Li et al. (2007), Ward and Zurbruegg (2002), Lewis (1989), who claimed that purchasing of insurance increases with higher level of social security, which suggests to reject the null sub hypothesis $H_{0\text{-}3}$ and accept the alternate one.

The result of the variable comparative advantages for insurance companies is significant at 0.025 with t value 2.252, this result is identical to the study work of Lavanya (2008). Vikash (2012), Keerthi and Vijayalakshmi (2009), Selvavinayagam and Mathivanan (2010), who concluded that insurance companies should innovate their services in order to compete effectively and meet consumer needs by deal with changing expectations of policyholders. Therefore the companies should always work on developing new products to gain competitive advantage. This suggests to reject the null sub hypothesis H_{04} and to accept the alternate one.

Regarding the quality variable is statistically significant at 0.038) with t value 2.079 and has an effect on the demand on the insurance policies, this result goes with the work done by; Poor et al. (2013),

Table 6: Model summary

Predictors: (Constant), promotional and advertising campaigns, costs, social safety, comparative advantages for insurance companies, quality										
Dependent variable: The demand on the insurance policies										
Model	R	R^2	Adjusted R^2	Standard error of the estimate	Change statistics					Durbin–Watson
					R^2 change	F change	df1	df2	Significant F change	
	0.698[e]	0.488	0.483	0.48309	0.004	4.324	1	553	0.038	1.591

Table 7: Stepwise regression results

Model	Unstandardized coefficients		Standardized coefficients	t	Significant
	B	Standard error	Beta		
1					
(Constant)	0.718	0.15		4.775	0
Promotional and advertising	0.799	0.036	0.681	21.971	0
2					
(Constant)	0.411	0.174		2.362	0.019
Promotional and advertising	0.762	0.038	0.65	20.28	0
Costs	0.118	0.035	0.11	3.417	0.001
3					
(Constant)	0.524	0.182		2.876	0.004
Promotional and advertising	0.78	0.038	0.665	20.262	0
Costs	0.165	0.041	0.153	3.971	0
Social safety	−0.090	0.045	−0.079	−2.020	0.044
4					
(Constant)	0.501	0.182		2.754	0.006
Promotional and advertising	0.763	0.039	0.651	19.513	0
Costs	0.132	0.044	0.123	3.02	0.003
Social safety	−0.123	0.047	−0.109	−2.631	0.009
Comparative advantages	0.09	0.041	0.09	2.209	0.028
5					
(Constant)	0.419	0.186		2.256	0.024
Promotional and advertising	0.756	0.039	0.645	19.302	0
Costs	0.089	0.048	0.082	1.831	0.068
Social safety	−0.133	0.047	−0.117	−2.831	0.005
Comparative advantages	0.092	0.041	0.092	2.252	0.025
Quality	0.088	0.042	0.079	2.079	0.038
Income	0.091	0.045	0.084	1.76	0.085

[a]Dependent variable: The demand on Insurance policies

Negi and Singh (2012), Pashaie et al. (2013), who confirmed that the quality of insurance services and the product quality and branch image were significant factors that are effecting the demand on the purchasing of insurance policies. Based on this result we reject the sub hypotheses H_{05} and accept the alternate one. Furthermore, other variables did not confirm of any effect on the demand on the insurance policies in Jordan as follows:

Regarding the income variable was also statistically insignificant at 0.085 which is more than 0.05 and t value 0.086 and it shows no impact on the demand on insurance policies. This result contradicts with the findings of Dragos (2014), Beck and Webb (2003), Feyen et al. (2011), who confirmed that income and its distribution are important factors of influence for the insurance demand. This proposes to accept the null sub hypothesis H_{06}.

Based on above analytical results, the main hypotheses is accepted. Not all variables are able to interpret the demand on insurance policies in Jordan therefore there is no impact of quality of the insurance services, cost of the insurance policy, comparative advantage of insurers, and insured party's income all together on the demand on insurance policies.

6. CONCLUSION

Jordanian's insurance industry is an important economic industry in Jordan, studying the determinates of demand on purchasing insurance policies would add value to insurance companies and all other stakeholders to promote insurance market development. Insurance companies in Jordan should promote insurance services through advertisement campaigns. In addition to that, they should innovate their services in order to compete effectively and meet consumer needs by deal with changing expectations of policyholders. The companies should always work on developing new products to gain competitive advantage and increase the quality of its services.

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