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Perceptions of (Micro)Insurance in Southern Ghana: The Role of Information and Peer Effects

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Abstract

This article investigates the understandings and perceptions of (micro)insurance among low-income people in southern Ghana, using evidence from four focus group discussions. It analyzes how the focus group participants think about various types of insurance – among them a micro life insurance product – and how their negative and/or positive evaluations have come about. The evidence indicates that (micro)insurance is mostly positively perceived by the participants of the focus group discussions. However, it is also found that many people's image of insurance is based on incomplete (and sometimes erroneous) information, or even on intuition. In addition, the experiences or opinions of peers turn out to be critical in shaping an individual's perception of insurance. These two factors potentially have a contagious effect, which can lead to unreasonably positive or overly negative ideas about (micro)insurance. Such ideas, in turn, can become detrimental to the further distribution of microinsurance.

Keywords: microinsurance, risk management, perception, Ghana, focus groups

JEL codes: G22, O16

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Article Outline

1 Introduction

The majority of people in developing countries have never been adequately insured against such hazards as illness, unemployment, harvest failure, and natural catastrophes. A growing number of commercial insurance companies, microfinance institutions, cooperatives, and mutual insurers have in the last decade thus started to offer microinsurance products.[1] Microinsurance is the "protection of low-income people against specific perils in exchange for

1 Life insurance (especially credit life insurance, which is tied to loans and is often obligatory) and health insurance account for the majority of microinsurance products offered. Accident, property, and agricultural index insurance are less common. A substantial number of such microinsurance products are well documented – for instance, on the website of the Microinsurance Network: <www.microinsurancenetwork.org> (15 December 2011).

regular premium payments proportionate to the likelihood and cost of the risk involved" (Churchill 2006: 12). It serves as an instrument by which to isolate fluctuations in consumption from fluctuations in income and wealth, and hence to mitigate the consequences from insurable risks. In this regard, microinsurance is no different from conventional insurance; what does make it different, though, is that it primarily targets low-income households that are by-and-large excluded from public social security systems and from commercial insurance policies. Traditionally, these households have relied on informal insurance mechanisms, such as risk pooling within the family or the community, but these have been shown to offer incomplete protection and to be relatively cost-intensive (Dercon 2002). Microinsurance therefore offers to many households in the developing world, for the first time in their lives, the opportunity to obtain a reliable, formal safeguard against adverse events.

With the market developing rapidly, some form of microinsurance has been identified in 77 out of the 100 poorest countries in the world by the first inventory of microinsurance made in 2007. Yet, outreach is still low as only 78 million people – not even two percent of the four billion people worldwide who live on less than US$2 per day – are insured (Roth et al. 2007). In sub-Saharan Africa, only 2.6 percent of the population living on less than US$2 per day are covered (Matul et al. 2010). In order to better understand why uptake is so low, several studies have analyzed the determinants of households' decisions to purchase different forms of microinsurance using either household survey data or data from randomized control trials (Giné et al. 2008; Giné and Yang 2009; Cole et al. 2009; Cai et al. 2009; Thornton et al. 2010; Wang and Rosenman 2007; Giesbert et al. 2011). Beyond predictions obtained from neoclassical models, such as household wealth or risk aversion, many of these studies point to the overarching importance of behavioral factors – such as trust (Cai et al. 2009; Cole et al. 2009; Giesbert et al. 2011; Thornton et al. 2010), familiarity with the product and the supplier, and the role of social networks (Giné et al. 2008) in households' decisions for or against microinsurance.

In this paper, we investigate people's understandings and perceptions of (micro)insurance. Specifically, we study the assessment and the evaluation of a particular microinsurance policy, as well as attitudes to insurance in general among groups of both insured and non-insured individuals in southern Ghana. Using data from focus group discussions, we analyze whether people have a positive or a negative impression of (micro)insurance, what they mean when they characterize (micro)insurance, and which factors underlie the opinions expressed in the evaluation of it.[2] We do not explicitly focus on how perceptions are constructed over time by people's social and cultural backgrounds (Skipper and Kwon 2007). Nevertheless, we do pay attention to how experiences with (micro)insurance and opinions about (micro)insurance are communicated among our focus group participants, who are representative of the typical target group of microinsurance. In an analogy with research on risk

2 Such a definition of perception is based on the psychological literature of risk perception (Slovic et al. 1982; Slovic 1987).

perception (Slovic et al. 1982; Böhm and Brun 2008), we investigate whether perceptions are formed by interpretations of facts or whether they are, rather, affected by intuition and emotional factors. Slovic (1987) shows that people often lack concrete information and data and hence rely on intuition in their assessment of risk and in their consequent decision-making. Even if people do possess information, they do not necessarily process it in an objective manner but (mis)construe and interpret it (Mullainathan and Shafir 2009).

What people think about (micro)insurance may be the result of different factors, such as price, risk aversion, information, trust, or familiarity, and may in turn influence people's decisions for or against (micro)insurance. It is important to note that we do not intend to establish in a statistical way which of these aspects are more important than others. Our approach is, rather, explorative, in the sense that we aim to investigate the main considerations people make when forming a judgment about (micro)insurance. We also aim to determine whether and how people influence each other in the forming of their judgments. In this sense, our paper is not a study on the uptake of microinsurance, as the studies mentioned above are. Nevertheless, it represents a complement to this literature and may confirm tendencies that have already been shown therein, or it may reveal new issues which have thus far been ignored.

By investigating perceptions of (micro)insurance, we hope to aid policy-makers and insurance providers in improving communication between themselves and potential insurants, to anticipate public responses to new policies, and to help direct educational efforts. Given that "strong initial views are resistant to change because they influence the way that subsequent information is interpreted" (Slovic 1987: 281), it seems clear that advocates of microinsurance should pay attention to the image that microinsurance both projects and receives. Once people have formed a negative impression of it, it becomes much harder to then convince them of the potential benefits.

Our analysis is based on qualitative data obtained from focus group discussions conducted in the Central Region, which is located in the south of Ghana.[3] The focus groups included both microinsured and non-microinsured participants, the former having purchased a micro life insurance product provided by the Ghanaian Gemini Life Insurance Company (GLICO). The main aim in conducting focus group discussions was to gain a deeper insight into the communication process between the group participants as well as the formation of attitudes, which are difficult to capture by quantitative methods alone, given their relative lack of connection to "real-world" societal behaviors. Since we did not start out with a predetermined set of answers or choices (as is the case in standardized household surveys and experiments), we were able to allow any topic that appeared relevant to the group participants to come up during the discussions. To the extent that certain topics emerged in several or even all groups, it is plausible to assume that they were reflective of the general patterns

3 In terms of living standards, households in the Central Region have below average mean annual expenditures of 1,810 Ghana Cedi in 2005-06 compared with 1,918 Ghana Cedi for the whole country (*Ghana Statistical Service*, 2008).

among the target group. The disadvantage of this approach is that we are unlikely to obtain a complete picture of those factors that potentially influence people's perceptions. However, this is not the objective of this paper. The intention instead is to explore how information about (micro)insurance is processed and how people's opinions and attitudes are formed about it. Leaving room for the discussion to unfold in any possible direction was, then, the most appropriate methodology.

The research is based on a content analysis of the verbal communication in the focus group discussions. This rather quantitative means of illustration is complemented by the provision of in-depth analyses of exemplary sequences in the group discourse, which helps us to better explain and interpret certain aspects of the discussions. To the best of our knowledge, this is the first study which explicitly addresses the question of the perceptions of (micro)insurance held among low-income people in developing countries and that uses data from focus group discussions.[4] In addition, we use complementary evidence from household survey data on the shocks experienced by households and the coping strategies that they applied, in order to put (micro)insurance into the context of the broader risk management framework in semi-urban areas in southern Ghana.

By using the term "(micro)insurance," we intend to emphasize that we are not only studying people's perception of microinsurance alone. We are also researching their perception of other types of insurance – for example, conventional insurance and publicly-provided insurance. Ultimately, microinsurance is a relatively recent phenomenon, while other types of insurance have existed for a longer period of time – even though the majority of people might not have had access to them. It is assumed that what people think about those established types of insurance is very likely to influence their opinions about microinsurance as well.

The remainder of this paper is organized as follows. Following on from this introduction, Section 2 illustrates the insurance market and prevalent risk management framework that currently exists in southern Ghana. We summarize the range of hazards that people face and the strategies that they apply in order to deal with those hazards, based on evidence from household survey data. In Section 3, we describe the methodology we used for data collection and data analysis. In Section 4, we turn to our main research question and analyze how participants perceived both microinsurance and other types of insurance. We first describe how different forms of insurance were evaluated in the focus groups and then attempt to explain how these opinions came about. We concentrate on two major channels: the level of information available about (micro)insurance and the influence of peers. In the final section, we draw our conclusions.

4 Jehu-Appiah et al. (2011) also analyze perceptions and their implications for health insurance uptake in Ghana, but they rely solely on household survey data. A number of authors have conducted focus group discussions but not with the explicit aim of investigating policyholders' perceptions of microinsurance (Thornton et al. 2010; Manje and Churchill 2002; Manje 2005; Cohen and Sebstad 2005).

2 The Insurance Market and the Risk Management Context

The insurance market in southern Ghana has developed quite rapidly in the past decade, especially in terms of expanding to semi-urban and rural areas. A number of commercial insurers – such as Donewell or Unique – offer a range of life and non-life products, but without a clear orientation towards the low-income segments of the population. In addition, there are public insurance schemes – including the Social Security and National Insurance Trust (SSNIT) – that provide coverage for old age, as well as the broader public National Health Insurance Scheme (NHIS). SSNIT is open for voluntary enrolment, including for informal sector workers, but it mainly covers formal employers and employees (Boon 2007). The NHIS was launched in 2004 and replaced the cash-and-carry healthcare system. It provides medical care for contributors and their dependents at public hospitals, certain recognized private hospitals, and health centers. Premiums are graded by income, and particular groups – such as the elderly, indigent people, and pregnant women – are covered free of charge. The NHIS is well received, particularly in rural areas, where a majority of people had hitherto gone without health services as a result of their lack of resources and insurance alternatives.[5]

The outreach of microinsurance beyond the capital, Accra, has been limited. Beside the Microinsurance Agency (MIA), which has offered mandatory credit life insurance since 2007, the largest player in the microinsurance market in southern Ghana is the Gemini Life Insurance Company (GLICO), the leading life insurer in the insurance market. Together with rural and community banks and other microfinance institutions, GLICO offers a micro life insurance product called the Anidaso policy.[6] The product is a term life insurance up to the age of 60, topped up by accident benefits and hospitalization benefits for the policyholder, the spouse, and up to four children. Contributions towards a so-called investment plan, which serves as a savings scheme and pays the accumulated amount at the expiry of the term, can be added on a voluntary basis.

Survey data from a household survey[7] that we conducted in the Central, Eastern, and Volta Regions of southern Ghana in early 2009 show that only 2 percent of households in the survey area have actually purchased the Anidaso policy (Steiner and Giesbert 2010).[8] In con-

5 The SSNIT covers about 11 percent of the working population (Boon 2007), and the NHIS covers 66 percent of the total Ghanaian population (NHIA 2010). With regard to commercial insurance, *The Corporate Guardian* reports that only 5 percent of the country's potential insurance market has been taken up so far, online: <www.thecorporateguardian.com/archives_detail.php?articleID=54> (15 December 2011).

6 For more information about the Anidaso policy, see Giesbert et al. (2011) and Steiner and Giesbert (2010).

7 This survey covers 1,031 households, both microinsured and non-microinsured, in the service area of three rural banks that distribute the Anidaso microinsurance policy. Even though households from the towns where the focus group discussions were held (Brakwa and Nyakrom) are not part of the sample, we nevertheless consider the survey results to be representative of the situation in the two towns, as both the focus group and survey locations are semi-urban, as well as being comparable in size, their economic situation, and in the available insurance market.

8 Matul et al. (2010) report that the national market penetration – that is, the number of microinsurance policyholders in relation to the potential market – in the whole of Ghana is just 0.8 percent.

trast, 52 percent of households in the survey area are insured by NHIS and 13 percent by SSNIT. Five percent have purchased a life insurance other than the Anidaso one. Seven percent have a commercial pension, accident, or car insurance.

When looking at the actual shocks experienced among households in the same survey area, it is striking that people make use of the available insurance products only to a very limited extent (except for the case of public health insurance). In line with much of the earlier literature on risk exposure and the management of risk (Dercon 2002; Tesliuc and Lindert 2004; Cohen et al. 2005; Dercon et al. 2008; Cohen and Sebstad 2005), illness and death constitute the most important risks for households. One-third of all households in the survey area experienced serious illness, and almost one-quarter were subject to the death of one or more of their members in the five years prior to the survey. Further, around one in ten households experienced the destruction of their property, a business shock, theft, rain or flood, or a loss of a job respectively (Annex, Table A2). Given the prominence of illness and death among these shocks, one would expect that health and life insurance were a priority purchase for many people as something to rely on in the case of such events. This is especially true given that illness and death have potentially strong monetary implications for households or even extended families, for example due to the high costs of funerals (Arhin 1994; Mazzucato et al. 2006; Geest 2006; de Witte 2003). Vanderpuye-Orgle and Barrett (2009) find that curative healthcare expenses – as well as funeral expenses – in the Eastern Region of Ghana amount for up to 58 percent for the first and 46 percent for the second of total household expenditures, in a period of two to three months.

When asked about the most important activities undertaken in response to the shocks that they had experienced in the previous five years,[9] self-help/self-insurance clearly constituted households' main coping strategy for all types of shocks (see Table 1). Market-based mechanisms, except in the cases of pest/disease and funerals, were applied by less than 10 percent of households. For most of the shocks, these mechanisms referred exclusively to loans from formal financial institutions. The use of insurance payouts turned out to be a coping strategy for only a few households. Households reported having made claims to an insurance provider only in the cases of illness, death, and the destruction of property/assets. No more than 13 (17) percent of those households who used market-based mechanisms in the case of death (destruction of property/assets) reported having made a claim to an insurance provider. In the case of illness, the number is 81 percent. As indicated above, the fact that insurance is relatively more important as a risk management strategy for illness is due to the existence of the public National Health Insurance Scheme.

9 For the sake of brevity, applied risk-coping strategies are grouped into broader categories following the social risk management matrix of Holzmann and Jørgensen (2001), as well as the applications by Tesliuc and Lindert (2004) in their risk and vulnerability assessment in Guatemala. *Self-help* or *self-insurance* refers to strategies that involve the selling, pawning, or mortgaging of assets, spending of savings, and increasing the number of working hours. *Informal insurance* involves borrowing from relatives, friends, moneylenders, savings and credit groups, or the usage of other help from social networks. *Market-based mechanisms* include the use of formal insurance products (claiming benefits) or credit from banks or other formal financial institutions. *Reduced consumption* simply refers to the reduction or abandonment of the consumption of food, other products, or services.

Table 1: Coping Strategies of Households (as percentages)

	Self-help/ Self-insurance	Informal insurance	Market-based mechanisms (in brackets: insurance)	Reduced consumption
Illness	67.81	22.69	8.07 (6.52)	1.43
Death	65.00	27.59	4.17 (0.56)	3.24
Destruction of property/assets	79.27	11.20	5.15 (0.88)	4.38
Business shock	69.66	21.49	1.95 (0)	6.90
Theft	78.02	19.04	0.18 (0)	2.76
Rain/flood	72.46	19.67	0.97 (0)	6.90
Loss of job	73.34	18.15	0.13 (0)	8.38
Drought	70.78	6.39	0.71 (0)	22.12
Pest or disease (crop/livestock)	80.63	6.33	13.04 (0)	0
Accident	73.09	21.88	4.94 (0)	0.09
Divorce/separation	53.92	34.15	0.16 (0)	11.78
Funeral of family members	59.60	28.31	12.09 (0)	0
Disputes about land/assets	56.42	33.55	8.52 (0)	1.51
Other	42.05	46.39	1.28 (0)	10.27

Source: Authors' illustration, based on household survey data.
Note: Households in the sample are weighted according to their sampling probabilities.

3 Methodologies for Data Collection and Data Analysis

The focus group discussions were conducted in two small towns – namely, Brakwa and Nyakrom – in the Central Region of Ghana, in October 2008. These towns lie within the respective service areas of two rural banks that distribute the Anidaso microinsurance policy. The insurer GLICO, which provides the policy, granted us access to their clients by physically accompanying us to the study sites that we had jointly selected. In Brakwa, we had already undertaken a pilot household survey in February 2008. The site was then randomly chosen among a number of service areas of rural banks offering the Anidaso policy, which are similar in terms of size and the number of policyholders.[10] We chose Nyakrom as the second study site because this town is situated in the same district and is comparable in its size, infrastructure, and the distribution of the major socioeconomic characteristics of the population. Yet, it is served by a different rural bank and thus different personnel are in charge of the distribution of the Anidaso policy. Hence, we intended to isolate any factors that might be related to a certain service area (and to the respective staff). In Brakwa and Nyakrom, people also have access to a number of commercial insurance policies, mainly provided by the Donewell and Unique insurance companies, and to public insurance schemes such as SSNIT and NHIS.

10 See Giesbert et al. (2011) for further details on the chosen survey areas.

In each of these two towns we conducted two focus group discussions, using a purposive sampling frame (see Table 2). Each group was composed of eight male or eight female members of a real group. Real groups are groups that exist in reality and are defined by (arbitrary) common criteria. The opposite are deliberately composed groups that are designed only for the purpose of a focus group discussion. Using members of real groups is typically recommended in order to maximize the degree of homogeneity among the participants. This ensures that they share certain experiences and opinions – a "common ground" – and are, therefore, more willing to exchange thoughts and ideas (Loos and Schäffer 2001). Another advantage of recruiting participants from real groups turns out to be that they can "relate each other's comments to actual incidents in their shared daily lives" (Kitzinger 1994: 105).

We selected members from real groups of different professions whom we considered to be the target group of microinsurance. All professions are typical ones in the local context and generally imply an average or slightly above average social standing. In Brakwa, the female group consisted of market women, whereas the male group consisted of members of a farmers association. In Nyakrom, the female group was composed of members of a dressmakers group, while the participants of the male group were all involved in construction/masonry. In comparing the characteristics of our focus group participants (see Table 2) with those of the survey population, we see that the participants in three of our groups were on average (slightly) younger than the average adult population, while in one group they were on average older. In the household survey, average age among the adult population – in other words, 18 years and older – was 41 years (among the total survey population it was 27 years). In all focus groups, the participants were slightly better educated than the average adult population. The number of schooling years among the adult population covered in our survey was 7.7 years (among the total survey population it was 5.5 years). Although we did not collect data on the income of our focus group participants, we assume that they had slightly higher incomes than the population on average. We know from the survey data that the average monthly income of microinsured households was 17 percent higher than that of those households without microinsurance (Steiner and Giesbert 2010). Given that the focus group participants in each group were organized in the same professional association, we expect the non-microinsured participants to have had similar incomes to the microinsured participants.

If this is true and our focus group participants had on average both more education and higher incomes than the total population, this gives rise to concerns about the possibility of being able to draw general conclusions based on our data. Having said that, it is already well known that microfinance does not usually reach the poorest segments of society (Hulme and Mosley 1997; Navajas et al. 2000; Datta 2004). The target group is, rather, composed of individuals and households who can "afford" to take up a loan, to save, or to pay premium payments – in other words, not necessarily those who are the poorest. Hence, even if our focus group participants are not representative of the Ghanaian population at large, they are very likely to be representative of the target group of microinsurance. To the extent that this is the case, drawing conclusions for this particular group will, therefore, be feasible.

Table 2: Characteristics of Focus Group Participants

	Brakwa Female	Nyakrom Female	Brakwa Male	Nyakrom Male	For comparison: adult survey population
Average age	50.6	30.9	38.0	35.4	40.6
Average years of education	8.2	8.6	8.9	8.9	7.7
Average number of children	4.9	2.2	3.1	2.4	-[11]
Main profession	Petty trader	Dressmaker	Farmer	Mason	-
Number of participants with Anidaso insurance	4	4	4	4	-
Total number of participants	8	8	8	8	-

Source: Authors' illustration.

A few days before the focus group discussions took place, the research team together with the local GLICO representative – the Personal Insurance Advisor (PIA) – paid a visit to the real groups mentioned above and invited people to attend the upcoming sessions. Attendance was not obligatory. The only intervention from our side was to make sure that half of the focus group participants were Anidaso policyholders and the other half were not insured by this policy. This was communicated to the potential participants by the PIA. They then selected the desired numbers among themselves.[12] By having half of the participants of each group insured and the other half non-insured, we introduced a certain level of heterogeneity into the groups that was expected to provide a particularly fruitful stimulus for the discussion – in the sense that arguments and counterarguments would be elaborated on (Wibeck et al. 2007).

Our aim in having separate male and female groups was to make group participants feel comfortable in speaking about their behavior and experiences in financial matters (Morgan 1997). This appeared to be important, as financial decision-making in Ghana is typically separated into men's and women's spheres. Even within households, spouses often do not have full information about each other's financial budget and respective sources (Goldstein 1999; Doss 1996). The discussions were held at the local banks and lasted about 90 minutes (with additional time for introductions beforehand and food afterwards).

We recruited two moderators from the Institute of Statistical, Social, and Economic Research (ISSER) in Accra who had vast experience with focus group discussions. One of the moderators led the female groups, while the other moderated the male groups. The discussions were semi-structured in kind, in other words we provided the moderators with discussion guidelines (see Annex A1) that covered three main discussion areas (risk management

11 The average household size in the survey is 4.1, but this number cannot be directly compared with the number of children in Table 2. We do not know the number of children per adult from the household survey data, given that many older children have already left home.

12 It might well be that there was, as a result, a self-selection of the more extrovert and potentially more influential people from the respective real groups in the focus group discussions. However, this holds equally true for all members who chose to participate in the focus group discussions, including both the insured and the non-insured ones.

strategies, knowledge on insurance, and factors influencing the decision to buy insurance) and related probe questions. All discussions were held in the local language, Twi, and were recorded using digital audio and video recorders. They were then completely transcribed and translated into English by the moderators.[13] The transcripts have been made anonymous.

We conducted a content analysis of the verbal communication of the focus group discussions; that is, a systematic, category-guided text interpretation, including the aggregation, explication, and structuring of the transcribed material (Mayring 2010). We reviewed the transcripts and coded them in line with our research interest; in other words, the positive and negative statements that the participants made about different types of insurance.[14] Each of the authors coded two transcripts. We cross-checked each other's codes and jointly made modifications where necessary in order to achieve intercoder reliability (Neuendorf 2002). In what has been termed group-to-group validation, we looked at the evaluation of (micro)insurance by analyzing how many groups mentioned a specific topic, how many statements of the same type were made in each group, and whether reactions towards certain topics were similar or different across the groups (Morgan 1997). The interest here is not in absolute numbers of the codes, but rather on whether there are substantially more statements of one type as compared with another – for example, positive versus negative statements. We complement this rather quantitative means of illustration by including in-depth interpretations of certain direct quotes from the discussions. This facilitates the clarification of certain aspects of the discussions which would otherwise remain rather abstract and allows for the identification of the major factors driving positive or negative judgments about (micro)insurance.

4 Results from the Focus Group Discussions

We coded the evaluative statements – that is, positive vs. negative – of the focus group participants about both microinsurance and other types of insurance. We herein distinguished between statements made by microinsured and non-microinsured participants. We also distinguished between precise statements (for example, the Anidaso policy provides financial benefits if someone dies) and imprecise statements (for example, the Anidaso policy will help).[15] It should be noted that precise statements do not necessarily mirror factually correct content.

13 We acknowledge that having to rely on the translation of transcripts is not ideal, as we were not able to follow the discussion in the language in which it was held. However, we reduced the potential proneness to error by demanding a verbatim translation of the text.

14 We did not use computer software to analyze and code our transcripts but did so completely manually. This allows the statements of the focus group participants to be more clearly seen in their original context, which is much less possible when coding software is used (Mayring 2010).

15 When making this distinction, we considered the context of each statement. That is, we looked at the preceding lines in the transcripts in order to see whether participants made their statement referring back to what had just been said. This is important as it might not be immediately obvious whether some of the statements themselves are precise or imprecise; it only becomes clear when their original context is considered.

For example, if a participant said that the Anidaso policy was good because it covered the cost of medical treatment, which is clearly incorrect, we would still categorize it as a precise statement.[16] We distinguished between precise and imprecise statements in order to get an idea of whether participants were talking about (alleged) facts and possibly real experiences or whether they, rather, were relying on intuitive statements that do not carry much information. After outlining these evaluations of (micro)insurance, we then attempt to explain how they came about. We identify two major channels of how perceptions are formed. The first relates to the level of information about (micro)insurance and the second to the influence of peers. In the remainder of this section, we will concentrate on the three categories of insurance that play a role in the discussions – namely, the Anidaso policy, other specific types of insurance (such as NHIS, SSNIT, or conventional insurance), and a universal insurance category which summarizes all statements made about insurance without specifying its exact type.

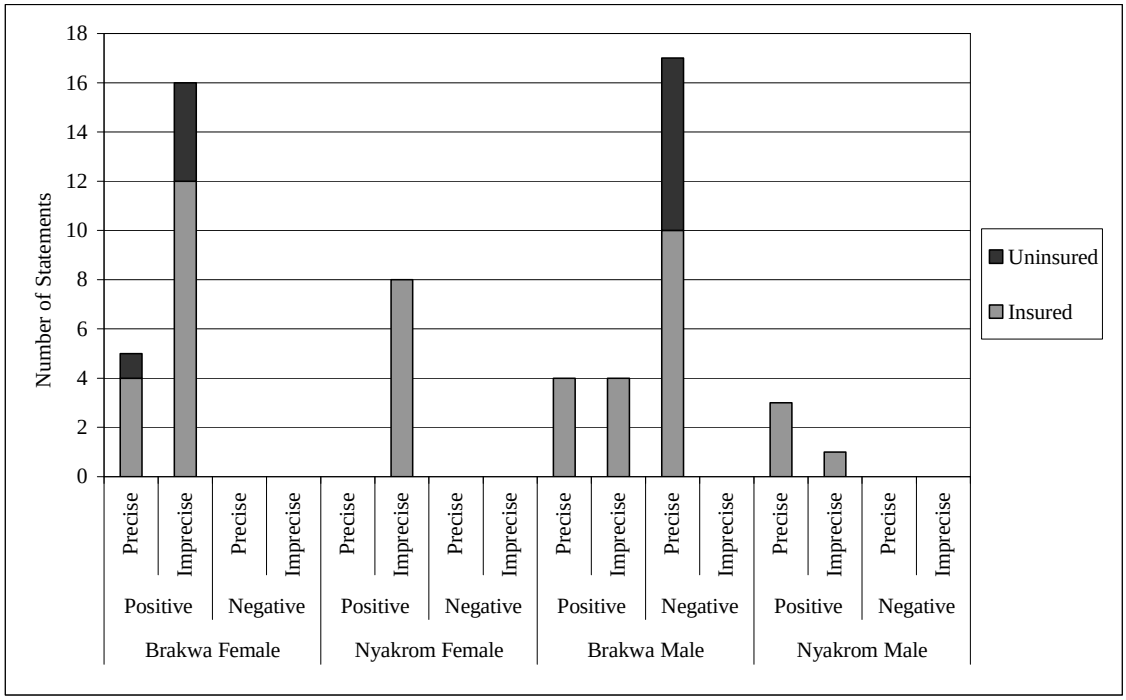
4.1 Evaluation of Different Forms of Insurance

Figure 1 reveals that the Anidaso policy was regarded as a clearly positive measure in three groups and that it received mixed evaluations in one group. Other specific forms of insurance – such as NHIS, property insurance, social security, or other (regular) life insurance – received exclusively positive reactions (see Figure 2), whereas the picture is more mixed with regard to the universal category of insurance as such (see Figure 3). Generally, there were more remarks on insurance per se and other insurance besides the Anidaso policy in the Nyakrom groups, while the discussions in Brakwa were more confined to the Anidaso policy itself. However, regardless of the insurance form, it becomes very clear that the majority of the statements in all groups were made by microinsured participants; a fact to which we will return in due course.

It seems quite remarkable that other types of insurance received no negative evaluation at all (see Figure 2). The reason for this might be that participants usually referred to very precise situations, as we will illustrate below, in which a specific type of insurance has helped the insured persons, while they weighed the pros and cons of insurance – partly as a reaction to the moderator's demand to do so – in the case of the universal category of insurance as such (see Figure 3). The evaluation of the Anidaso policy (see Figure 1) shows a clear concentration of negative statements in the Brakwa male group, in which one participant had made a negative experience with GLICO staff. His problems and the respective explanations (see below) – as well as the references of others to these – account for many of the negative messages in this particular group.

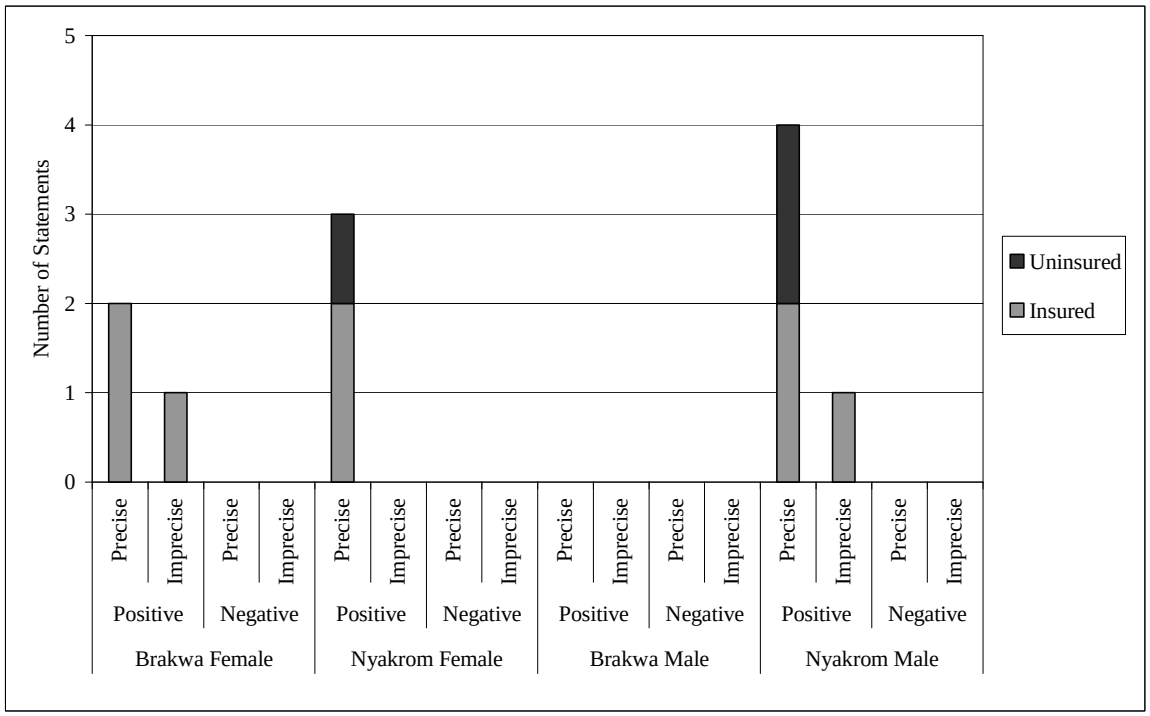
16 Overall, out of the total number of 60 precise statements – that is, evaluations based on alleged facts – ten are actually incorrect. Interestingly, eight of these refer to the Anidaso policy.

Figure 1: Evaluative Statements about Anidaso Policy



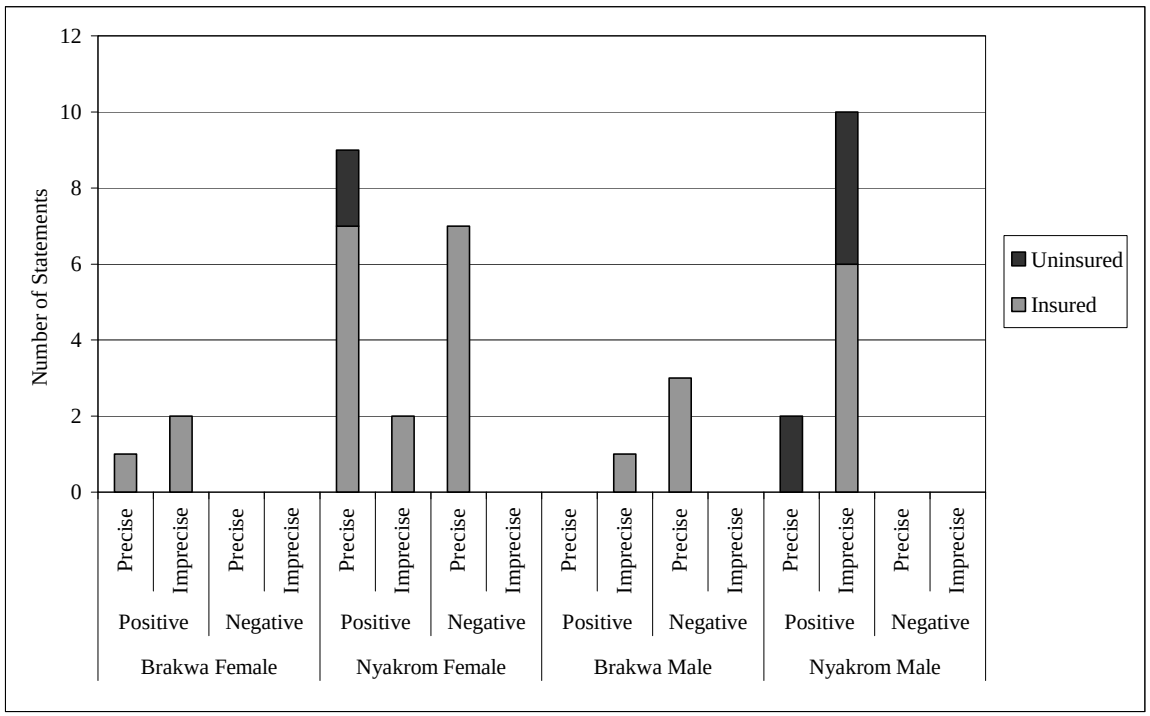
Source: Authors' illustration.

Figure 2: Evaluative Statements about Specific Types of Insurance (other than the Anidaso Policy)



Source: Authors' illustration.

Figure 3: Evaluative Statements about Insurance in General



Source: Authors' illustration.

Even though the number of positive statements clearly outweighs the number of negative ones made about the Anidaso policy, many of the positive messages were rather imprecise, especially in the two female groups. Examples are the following:

> JD: As for this insurance, if you join, it brings joy to the home and peace as well.
> AA: They should help us for we are pathetic. The Anidaso has really helped us.
>
> (Brakwa, females, both insured)

> CAO: […] so if you also don't go and pay something into this, the group, the insurance, like the Glico we are doing, if you don't go and pay something into it, and you are in your house, you won't get the future hope that they will give to you. Eh eh! So your future hope is the insurance.
>
> (Nyakrom, female, insured)

> SM: […] listen to the name Anidaso, Anidaso. When you say Anidaso, it means that I have the hope that if I go to a friend, I will get food to eat, so I have hope, so when I leave the house and go to his place, I would have prepared myself. […] We have the hope that if we join the company, when we are in difficulty, they will help us.
>
> (Brakwa, male, insured)

None of these statements carry any precise details on the functioning or the benefits of the Anidaso policy. However, they all convey a positive impression by saying that the policy

brings hope, help, joy, or peace in the case of a disaster. Such an overly positive view on microinsurance was transmitted particularly from the Brakwa female group, whose participants considered it to be a panacea for almost all of the difficulties that they faced in life. As will be substantiated further below, many of the arguments exchanged in this group were not based on facts but rather on intuition.

Leaving such imprecise records aside reduces the number of positive statements about Anidaso dramatically. However, as becomes clear from the following examples, participants who gave precise statements had a clear picture indeed about the policy:

> JD: If you are 60 years you can come and withdraw the money you saved so they will give it to you as a lump sum. When you are 60 it means that you go on pension in the insurance. So the money you saved bit by bit will be given to you.
>
> (Brakwa, female, insured)

> B: The little that is left, even if it is a little, when we are not there, our children can go and take it and use it to further their education. Even if it is not enough, it will be able to do something.
>
> (Nyakrom, male, insured)

The first person thus talks about the sum that is paid out after the expiry of the term, if the policyholder has chosen to use the optional savings scheme; the second person is referring to the benefits in case of the policyholder's death, which is paid to the remaining family members.

Interestingly, the negative statements that were made about Anidaso are all rather precise, even though not always correct in their content, and were all voiced in one group – the Brakwa male group. One participant in this group (KY) has had his policy document withheld by the local PIA, even though he has already paid the premiums and has repeatedly tried to obtain it. Not having the document inhibits him and/or his family from making a claim in case something happens.[17] Many of the negative statements made relate to KY's bad experience and his repeated attempts to inform his group mates about the disadvantages of buying a policy, as exemplified below:

17 One might come to the conclusion that participants of the Brakwa male group were overly critical, since they believed that our research team was a "higher authority" related to GLICO and that they could use this opportunity to complain about the insurance people. Indeed, the specific and detailed complaints about the mismanagement within the local distribution of the Anidaso policy were a distinctive feature of the first part of the discussion of the Brakwa male group. The moderator had to repeat several times that the research team did not belong to GLICO's staff. However, this was reportedly understood by all participants approximately from after the first 15 minutes of the talk onward. In addition, it is very likely that the negative initial position – particularly of KY – would have been expressed in a similar (though not necessarily as detailed) way if this confusion had not occurred. In all other groups, there was no evidence of any misinterpretation about the connection between the research team and GLICO's staff.

> KY: […] I went back to the manager and told him that the way they said it here, I think the mind has changed, so how would I lay hands on my certificate, then he said ok, if that is how it is, even other people are pressurizing him more, so he will see the leaders to talk about it, it is like, they are collapsing the work, if it happens like that, they are destroying their customers. […] In fact, in the beginning when they started and said it, a lot of people put their trust in them, but what they said, it didn't happen like that. The bank, the company, if they are doing something, and you join, then, they leave you hanging. When it happens like that it is not good.
>
> (Brakwa, male, insured)

> JKA: […] that disappointment that they have disappointed our brothers, we too, if you were in the same thing, we too, we would not do it, as for me I won't do it.
>
> (Brakwa, male, not insured)

However, several of the negative statements in this group were also made independent of this particular experience:

> JA: Eh eh! It is a future thing. Even we, if we need some, we will go and withdraw it, if you go there too, they would have deducted it. So still – aaah – the suffering is more difficult.
>
> (Brakwa, male, insured)

> KY: I didn't want to do it, but he said that after three months or one year if we come for a loan, they will give us. So, it made me really happy, I was enthusiastic about it. So, after doing it for about two to three years, I was coming to look for a loan. I came the first time, they didn't mind me. I came the second time, they didn't mind me. The third time, I said, I won't come again, you should take it.
>
> (Brakwa, male, insured)

In the first statement, JA complains about the fact that insurance premiums are deducted from his savings account and that he can no longer withdraw the respective amounts. This reveals, as several other comments made in the focus group discussions also did, that the participants have not fully understood the conditions of insurance contracts and may have based their assessment of insurance on precise, but nevertheless false, impressions. We return to this issue below. In the second statement, KY reports that he was apparently told by the PIA that he would have easier access to loans if he was insured. The expectation to qualify for a loan by joining the Anidaso insurance scheme appears to have been a common (mis)understanding across all groups. Indeed it seems that sales agents have commonly tried to convince potential clients to join the Anidaso scheme by promising that access to loans would become easier, given that the clients' reputation at the bank would continue to grow through their regular premium payments. At the same time, it is possible to arrange a partial

withdrawal with GLICO after three years – at the earliest – if clients initially choose the optional savings component. Apparently, this option is often sold, or misunderstood, as being a type of loan.

In contrast to the Anidaso policy, the positive assessments of other specific types of insurance (see Figure 2) were mostly precise and based on matters of fact. As mentioned above, they were typically grounded in real experiences when people – in very few cases the focus group participants themselves, but mostly their peers – had received insurance benefits. This refers particularly to the case of the widespread health insurance that is provided by the NHIS, which was also referred to in the few contributions that were made by non-microinsured participants. In the case of the Anidaso policy, no such experience existed among the focus group participants as very few claims have been made at all to date:

> E: I also feel that it can help us in the same way, eh eh, because the health insurance, if now you go to hospital, they treat you for free.
>
> (Nyakrom, male, not insured)

> CAO: The social security, he has done some. […] If it gets to a point and maybe he passes away, it's his children who will do what? Receive the money.
>
> Nyakrom, female, insured)

However, as in the case of the Anidaso policy, it becomes clear again that many of the positive statements about the universal category of insurance in general (see Figure 3), especially in the Nyakrom male group, were not precise but instead rather vague and intuitive ideas about insurance:

> JD: Even the church has been insured, why won't you who live alone and don't have a helper go get insured?
> AA: The insurance really helps. We should all get insured so one day it will help.
>
> (Brakwa, females, both insured)

> P: That insurance, how I understand it is that you have put something down to help you at the time you are in some difficulty, so, that thing you have put down, that is what will take you out of that difficulty. That is how I understand it.
>
> (Nyakrom, male, not insured)

The first example shows a lack of any specific details about the type of "help" insurance ought to provide. The second example illustrates that insurance was seen as some kind of savings device; however, this was formulated in an extremely vague sense, by using very imprecise terms ("something," "some," "thing").

The negative statements reveal concerns and doubts that the participants had about insurance:

JA: […] but these people, they don't really explain things to us. So for me, I don't know any insurance that can help. To me, the truth is that if, when I came here, they did not explain it to me for it to touch my heart, and to know that it is insurance, if I joined it will help me.

(Brakwa, male, insured)

VA: Ok, the reason why someone will not like to do that insurance is that if he looks at the way maybe if someone has a problem and is left with the children, they will have to follow it – aah – and get tired before they get the money. Then he won't do it at all, but maybe he will save the money at the bank. And if something happens, he knows if his bank note is there and if he is made to go and the bank people know that it is his father's money and this is his bank note and it's true that he is dead and they are coming for the money. And here, the bank, I don't believe they will toss them like how maybe the insurance people do. And the reason why we will maybe want to do it, is, even if you follow it up, some people will understand that if you follow it up, eventually, he will get his money. Some will follow it – aah – and eventually, they will give up and will not go again and the money will go to waste, and so that is what I also know.

(Nyakrom, female, insured)

As these statements show, the participants worried about such factors as complicated and lengthy claims procedures, the unreliability of the provider, high premium payments, and insufficient education provided to the policyholders by the insurer. As above, all of these factors were very precise issues.

4.2 Level of Information

These discussions illuminate that participants – including the insured – had severe gaps in their level of knowledge about various aspects of the Anidaso policy. This resulted in a number of questions on the terms and conditions of the policy and a demand for more information from either GLICO or even from our research team:

SA: They should educate us – paaa! – so we would know, because even what we are doing, we have not completely understood it, we are a bit scared that in the future if you are in difficulty, they [the insurance company] will throw you up and down and you don't know whom to go to.

(Nyakrom, female, insured)

In this context, we must also recognize that almost all participants in the Brakwa female group and several participants in the other groups (especially the Nyakrom male group) showed difficulties to clearly distinguish between being a member of a group and being insured:[18]

> B: I don't do any government work, I don't have any social security, my social security is the Anidaso group. In future, I will lay hands on it, even if I don't lay hands on it, my children or my wife will lay their hands on it and they will stand on it to build their lives.
>
> (Nyakrom, male, insured)

> AB: Right now the difficulties I've encountered, not being in the group, now, if I were in the group, when my child completed school, I will have helped her continue. […] I have to join so that I can get money to further her education.
>
> EB: The hope I also have is that, […] by all means if I encounter a difficulty, I won't have to go borrowing.
>
> CA: My point is that, when they came, if I had thought that it will help me and had run to join, my child will not have completed school and gone to trade somewhere. […] I've seen that it is a helpful group, I will join, so that if by God grace the child returns, they will help so if he will continue schooling he can.
>
> (Brakwa, females, AB and CA insured, EB not insured)

> B: […] we beg that they should bring jobs to this town, how we've formed this group, based on this group, employment can come into this town. Based on what? This Anidaso group, jobs could come into this town so it can gain a big name, if it gets a big name, it can let the whole Agonaman, people will hear about it and they will come and join this Anidaso group.
>
> (Nyakrom, male, insured)

In the first case, the speaker explains that he himself or his children and wife will benefit from "the Anidaso group." We believe that he thereby was referring to the payout in case of his death and thus clearly meant the Anidaso policy and not an (imagined or true) Anidaso group. The second case not only shows that participants referred to the microinsurance scheme as a group; it also illustrates again that they have misconceived it as being a measure that helps in any case of difficulty – for example, when trying to finance a child's education. The third case illustrates that the Anidaso insurance scheme has been misunderstood as a group that may become a platform for the creation of employment. The context of the phrase makes clear that the speaker vaguely addresses the people in charge of the insurance scheme and the research team ("they") to help by providing jobs, thereby intending to hijack the agenda of the focus group discussion for his own interests. This is a common peculiarity of

18 We are aware that there is indeed a self-help group called Anidaso ("help") in Brakwa, but we do not have any information about whether this is the very same group that the participants are referring to here.

the Nyakrom male group, whose participants typically made a direct connection between employment and risk management as they regarded money to be the precondition for being able to manage risk.

Gaps in the level of knowledge were, however, not specific only to the Anidaso policy. They could also be observed for other types of insurance or when participants talked about insurance in general. To give an example, in one focus group, the participants debated the conditions of car insurance:

> MA: […] or a car has hit someone and they say when you are knocked down by a car, you get insurance, and when going to claim it, you do some papers and things.
>
> MR: If that is the case, I will go for a car to knock me down.
>
> MA: Maybe, if the car that knocks you down doesn't have insurance, how will you go and claim it?
>
> CAO: Please, what I understand about it is that with insurance, there is something that you are the one who goes to pay something down before you follow your future plan, so you don't go and do something like that, you can't do insurance for it to be well. And so if a car knocks you down and you are going to claim the insurance, if the car isn't insured you won't get it, if it knocks you down, you won't get it. Unless the driver, or the car owner, takes care of you. But if indeed it is insured you will get it.
>
> (Nyakrom, females, MA not insured, CAO insured, MR is moderator)

It is clear from MA's entry statement that there was even confusion about the correct application of the term insurance. She used the term to refer to the benefit received after a claim. While the general concept of insurance offering a benefit in the case of damage seems to be have been understood by many focus group participants, there was often uncertainty about the specific benefits included, the exact procedures behind insurance, and the way that one obtains coverage, as also found in other focus group discussions (Thornton et al. 2010).

Such a lack of information about insurance in general, and the Anidaso policy in particular, has important consequences for the perceptions of (micro)insurance. People may project either their wishful thinking or their unfounded negative ideas onto insurance. In the focus group discussions, we found evidence for both of these behaviors. On the one hand, some of the negative statements about the Anidaso policy in the Brakwa male group were based on insufficient knowledge about the conditions of insurance, as is indicated above. For example, one participant was unsatisfied because he was not granted a loan as a consequence of signing an Anidaso insurance contract. If he had been previously informed about the conditions of the insurance, it would have been clear to him that there was no direct relationship between being insured and receiving a loan. Due to the false information provided by the PIA, however, he got this impression and passed his dissatisfaction on to his peers in the focus group and, potentially, even in real life too.

One reason for incorrect information being given by PIAs and sales agents may be that they are ill-informed themselves due to a lack of training by the insurer. Another reason, which should not be underestimated, seems to be an adverse incentive structure. For instance, agents receive a bonus for each sold insurance policy, but not for subsequent customer advisory services. Contributing to the erroneous expectations among the target group are considerable deficits in the management practices that were identified in the survey areas. As we have illustrated in Steiner and Giesbert (2010), for instance, the debiting of premiums is not transparent for customers and the delivery of their policy documents is not always reliable, resulting in frequent insecurities among clients about their actual insurance status.

On the other hand, some participants (including the policyholders) reportedly thought that the Anidaso policy might cover any kind of adverse event and would be the panacea for all of their difficulties, as shown by this example:

> JD: Now, the reason why I joined the Anidaso group is that, even if you build today, there could be a strong wind that will blow off your roof. You may not have money to buy roofing sheets at that time. In some cases, electricity, children being so troublesome, a child may have ironed when you are not around, she might not have switched it off. Fire might gut your room. It is mainly because of that I joined the Anidaso policy.
>
> (Brakwa, female, insured)

The Anidaso policy does not provide benefits in the cases of wind damage or fire, but JD claimed that such assumed benefits actually made her purchase the policy. The same focus group participant emphasized her belief that the good thing about insurance is that the repayment of a potential payout – thus misunderstanding insurance as some kind of a loan – is not as strict as a loan repayment:

> JD: Sister, if you get insured, the aftermath is all joy. If you are able to do it well, it brings peace to the home. Because no one comes to ask you for a loan repayment. All you need to do is to know what way if you are helped by the insurance people, you will pay back the money. Maybe they will ask you to pay a certain amount every month, maybe they will ask you to pay yearly. They won't chase you and ask you to repay your loan like how a sibling from whom you have borrowed money will chase you to repay the loan. If you see her your heart skips.
>
> (Brakwa, female, insured)

She has evidently not understood one of the main features of insurance – that one pays premiums upfront. Such ideas about (micro)insurance, which are due to insufficient information and thus not solely based on facts, are likely to explain the extraordinary positive image of the Anidaso policy in the Brakwa female group.

Such a lack of information about (micro)insurance should not be underestimated as a potential hindrance to the purchase of insurance. Giné et al. (2008), who interviewed house-

holds after a microinsurance marketing meeting about their reasons for buying or not the marketed product, note that one-quarter of households stated they did not buy the microinsurance because they did not understand it.

4.3 Learning from Peers

In our focus group discussions, it became clear that participants strongly influenced each other – to the extent that an individual's decision to buy microinsurance was dependent on her or his peers' previous experience with insurance. Such an effect has also been illustrated by Giné et al (2008). About one-fifth of households who bought the microinsurance under study reportedly had done so on the advice of others.[19]

Swenson et al. (1992) show that participants learn as a result of their participation in focus group discussions and, in some cases, take action based on this learning experience. This implies that focus group discussions help convey information – in our case, both with regard to the Anidaso policy as well as to other types of insurance – and sometimes take on the form of interventions. Given that microinsurance, including the Anidaso policy, is often sold by approaching existing groups, this can provide good indications of real-life scenarios in the distribution of policies. In addition, we can derive some indications about the way knowledge on (micro)insurance is generated and influenced by social networks. For example, as already indicated above, in the Brakwa female group, the insured participants – and one of them in particular –, repeatedly attempted to convince their non-insured peers that they were missing an opportunity, and that they should purchase the Anidaso policy as soon as possible:

> JD: The person who, sister, you see, this bank from which we take little loans, and, and so the bank has decided to form this Anidaso group. So the young man came and had a discussion with us and explained it to us, otherwise we will not have known that there was a group called Anidaso or insurance that helps. So he gave us a lot of information for about three weeks. Coming every Thursday to meet us, gather the women and explain things to us, so those of us who understood it joined. Even you were there when he was explaining. It is now that you are serious about joining it. He encouraged us about insurance. So have you understood that you will join?
>
> AB: Yes I have understood that I will do it.
>
> JD: So now, before you can do it I have to call you when the young man comes for him to sit you down and explain it to you so you will understand.

19 This phenomenon is not specific to microinsurance. In their seminal work, Kunreuther et al. (1978), for example, find that in the United States one of the main distinctions between people who purchased disaster insurance and those who did not is that the former had acquaintance with others who had also taken out such insurance.

AB: I've heard. If he comes, call me. So I will also join. He will explain it to me so I can join and we will all be equal.

(Brakwa, females, JD insured, AB not insured)

Here, the non-insured participant, AB (and others as well), claimed that she would purchase the Anidaso policy in the near future, or, at least, she demonstrated her willingness to follow the advice from the dominant discussant, JD. By bringing together insured and non-insured participants in the focus groups, it was almost certain that we would not only stimulate a debate on the pros and cons of insurance but that we would also "provoke an orientation to action" (Kleiber 2004: 97). Since the non-insured group participants had less experience with insurance, they were drawn towards the viewpoints of the insured. In addition, it seems that participants often talked as representatives of the social, or, professional group which they were members of, and to which the Anidaso policy was initially introduced. In the attempt to establish common ground, it seems that the participants of the Brakwa female group, as indicated in the above example, would have liked to see all members of this group share the same interest, in this case by joining the insurance scheme ("we will all be equal"). In this endeavor, one relatively senior woman (JD) took on the lead and dominated the course of the discussion.

The focus group participant in the Brakwa male group who made a negative insurance experience influenced his group peers as well. As a result of his explanations, several participants of this group drew the conclusion that they should not purchase the Anidaso policy as it did not seem to them to be a reliable mechanism:

JKA: […] that disappointment that they have disappointed our brothers, we too, if you were in the same thing, we too, we would not do it, as for me I won't do it.

(Brakwa, male, not insured)

K: It is what they are saying, that is what some of them are saying, those who went in are not seeing anything. Me on my part, I won't put it [my money] there.

(Brakwa, male, not insured)

This is a good example of the fact that "we must recognize not only that what individuals do in a group depends on the group context but also what happens in any group depends on the individuals who make it up. In other words, neither the individual nor the group constitutes a separable 'unit of analysis'" (Morgan 1997: 60). Along these lines, in both Brakwa groups the non-microinsured participants followed the respective evaluation tendency – either negative or positive – revealed by their microinsured counterparts, whom they seemed to respect as some kind of experts on the matter.

The positive images of insurance conveyed in many of the talks were often based on the experiences of other members of their community with insurance. In many cases, participants related to the specific encounters of relatives and/or friends with insurance and some participants linked such stories to their own decision to purchase the Anidaso policy or not.

Even the non-microinsured participants seemed to feel comfortable in making contributions based on their own judgments and knowledge prior to the discussions, especially with regard to health insurance. The fact that other people's experience with insurance is important for the formation of one's own perception is particularly substantiated by the narratives of how the participants got to know about insurance. It appears that hearsay was the most common way of learning about insurance.[20] For example, one participant talked about fire in the mission house of her church. She proclaimed that seeing how the insurance had enabled the church to rebuild the house helped her to recognize the purpose of insurance and made her join the Anidaso insurance scheme. It is worth noting again that the Anidaso policy does not cover the eventuality of fire. However, this fact does not seem to have been part of this participant's considerations in buying the policy.

In another group, participants referred to an incident of fire at a particular market. Only some of the vendors had insurance for their stands, while others who were uninsured were faced with the complete destruction of their business. This created immediate consensus within the group that it was necessary to have an insurance against such incidences, if financially possible. One participant explained that her father was a teacher and was thus covered by social security. He taught her what insurance was about ("he didn't want his children to worry"). As shown by her statement below, this made her buy the Anidaso policy, once she realized that there was a possibility to be insured even without being employed in the public sector:

> CAO: That is why, me too […] so, I asked him that I who wasn't a teacher, I was doing my own, could I do some? Then he said oh no, I can't do some. That is why when I heard this; I said if someone had done it, I will also do what? Do it. For me, too; my children not to suffer in future.
>
> (Nyakrom, female, insured)

This is, in addition, just one of the numerous examples where the previous impressions formed of conventional types of insurance indeed became a decisive factor for the evaluation of microinsurance or even for the decision to subsequently buy a microinsurance policy.

On the other side of the coin, the experiences of peers are also a common reason why insurance is met with refusal, as exemplified by the below sequence:

> GM: So when I went to tell a sister of mine, she said these people, if something happens to you and you come and tell them, before you get it, you will walk till you get tired. When she said that, I said okay then, I wouldn't go to the bank again for him to see my face.
>
> SA: She has really brought out an important matter. Me too, when the young man called me and spoke with me, there is a woman I attend the same church with. She was, she was saving with such a group, it was quite long, when the husband passed

20 TV programs as a source of information are also mentioned. There are several different TV and radio programs in Ghana that aim at providing financial literacy to the public. For example, a 13-part sitcom focuses exclusively on insurance. In addition, Ghana celebrates a Financial Literacy Week each year.

> away, he himself told the children and the wife that the man had insured himself so he had a little money, but dad, the amount of money the children spent before [shaking her head] getting that little money their father had left them, if I say it, it is a serious matter.
>
> (Nyakrom, females, both insured)

Although GM finally purchased an insurance policy, because her sister's problems were eventually solved, this dialogue shows that personal stories may to a great extent influence whether people decide for or against taking an insurance policy. Due to the limited payout that the family of SA's friend received from her husband's insurance after his death, she was not willing to listen to the explanations of the GLICO staff about the Anidaso policy at the rural bank. A previous negative experience with insurance (staff, claims procedures, and so on) shared among peers can thus substantially alter someone's attitude towards it, so that people negate any actual concrete information about a specific policy.

5 Conclusion

In this paper, we study the understandings and the perceptions of (micro)insurance among people who represent the target group for recently-established microinsurance. In doing so, we complement previous research which has analyzed the uptake of microinsurance using household survey or experimental data, but which cannot provide information on the question of what people think about (micro)insurance nor on how their judgments have come about. Using data from four focus group discussions conducted in the Central Region of Ghana, we investigate whether people think positively or negatively about (micro)insurance. We also elaborate on how their opinions are formed. We consider various types of insurance that are available in the study area, among them a micro life insurance product called the Anidaso policy.

We start out with a short analysis of household survey data, which we collected in the south of Ghana. In line with previous empirical work, the data illuminates a very limited uptake of insurance in general, except for the public National Health Insurance Scheme, and of the available microinsurance policy in particular. This is surprising when considering the large prevalence of shocks for which insurance would be readily available. As one of the most common shocks, death was experienced by one-quarter of households over a period of five years; and, these households were likely to have faced considerable funeral costs. However, the micro life insurance policy as well as other formal life insurance policies were much less used as coping strategies after death has occurred than other strategies are – such as self-help/self-insurance and informal insurance.

Our focus group participants had an overly positive picture about micro life insurance, and also about conventional types of insurance as well as about insurance in general. With

regard to microinsurance, the participants of three out of the four groups believed that it was clearly a good measure. However, the majority of evaluative statements relating to the Anidaso policy were based on very imprecise and sometimes erroneous knowledge about the specific details of the respective insurance coverage. Only in one group did participants list a number of negative aspects of the microinsurance policy under study, which were mostly related to the bad experience of one particular participant. Insurance per se also got predominantly positive assessments, but, similar to the case of microinsurance, these were mostly rather vague idealizations. In contrast, specific types of insurance other than microinsurance received purely positive evaluations and these were mostly based on precise factual details. So how did the positive or negative evaluations of (micro)insurance come about and what do they imply for the potential outreach of (micro)insurance to the target group in future?

Firstly, an important observation is that many of people's impressions of insurance, and more so in the case of the positive evaluations, were based on incomplete (and sometimes wrong) information, or even intuition. Several participants had not fully understood the functioning of insurance, or – in the case of the Anidaso policy – were provided with false information by the local PIAs and sales agents. For example, individuals with an overly positive image of insurance tended to think that insurance covered all forms of damage that they might experience. This may be regarded as positive by insurance providers concerning the distribution of (micro)insurance in the first place. However, the negative picture revealed in one of the groups related to complaints about certain aspects of insurance contracts that are normal practice. Once subsequently erroneous expectations are not fulfilled by the insurance provider, this may, hence, lead to strong negative counterreactions. The rather positive image that microinsurance receives may thus be a relatively fragile one, given the unspecified knowledge that it is based upon. Generally, this observation confirms the findings of several earlier studies, which have pointed to a severe lack of solid information among (potential) microinsurance policyholders.

Secondly, an important aspect that we identify, and which has not received much attention in the literature, is the dynamics that we observed in the focus groups. We found that the experiences or opinions of peers – including other focus group participants as well as community members outside of these groups – were a critical factor in shaping individuals' perceptions of insurance. This could even take on the extreme form that single individuals among the group participants were responsible for shaping the perceptions of the whole group. In two out of four of our focus groups, we observed such an extreme effect. In one group, a dominant participant intended to convince the others to purchase the microinsurance and she seems to have been successful. In the other group, a participant told about a negative experience he made with microinsurance and unintentionally induced the others to not rely on microinsurance henceforth. Possibly, this factor is equally or even more important in explaining microinsurance uptake than individual preferences, and thus we hope to see further research along these lines.

One methodological shortfall of our analysis is that our focus group participants are clearly not representative of the population at large in southern Ghana. They were slightly better educated and substantially more insured than the average individual is. While we cannot, therefore, make any overall generalizations based on our results, the focus groups intentionally represented the group of people who were considered to be the main target group for microinsurance by the respective providers in this area. Hence, we can draw certain conclusions for this particular group. First, if the better educated do not understand (micro)insurance completely and develop a somewhat false image of it, one based on emotions and intuition rather than correct information, then providing financial literacy to the target group may be even more important than it is usually stated as being by the literature and policy-makers.

Furthermore, as we can see from the way that the conversations were held during the focus group discussions, the relevance of group dynamics should not be underestimated. Although "real-life" conversations on (micro)insurance in groups or bilaterally may take a different course than they do in a semi-structured group discussion led by a moderator, they would most likely include the expression of opinions in a similar way. Mutual personal interference is here very likely to occur as well, especially through more dominant individuals influencing less dominant ones. In combination with the low level of received information, this trait may develop a strong virulence that could threaten customer loyalty in the long run, if information is processed wrongly or is even inaccurately circulated by the insurance staff themselves. While being a high cost factor, particularly in the microinsurance business, the maintenance of close customer contact and relations may, in this context, be of the utmost importance and ultimately worth the expense in the long term.

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Annex

A1: Focus Group Discussion Guidelines

- Welcome
- Welcome address (thank you for coming etc.).
- We work for the Institute of Global and Area Studies (GIGA) in Germany, which cooperates with the Institute of Statistical, Social, and Economic Research (ISSER) in Accra. Both are research institutions. The research project for which we are here is dealing with financial services for the poor and other options that poor people employ to secure their livelihoods and deal with risky events.
- We are conducting this discussion to understand what people do when they are confronted with a happening/a shock that you cannot foresee or that is out of your control, such as the occurrence of illness or death of a household member. We would like to understand how you deal with such challenges and what you think about the use of insurance in such cases.
- We have invited people that have an insurance called the "Anidaso policy" and others that do not have it, and we are very much interested in the experience and thoughts of all of you about things to do in the case of illness or death.
- We would very much like to record the discussion to help us remember them and so that we do not miss any of the issues that you have mentioned and the ideas that you share with us. Details of the discussion and your names will be kept strictly confidential – so please feel free to express your opinions.
- Introduction round: As a first step, we should introduce ourselves. If you can tell us your name, what you do, how long you have been with the [group name] and whether you have insurance or not. My colleague will prepare nametags to help us remember your names.

Questions	Probe questions	Key topics of interest
– How do you (and other people that you know) manage situations of illness and death of household members?	– What impact do illness and death have? – Which different strategies do you employ to deal with illness? – Which different strategies do you employ to deal with death? – Which strategies are effective (and which are not)? – Which precautionary measures are possible to deal with illness and death – Does insurance appear to be a possible strategy at all?	Relation between insurance and other strategies to deal/cope with risks RELATE TO PERSONAL EXPERIENCE!
– Do you know what insurance is about?	– What do you think is the idea behind insurance? – What kind of insurance do you know? – How did you learn about insurance? – What happens after somebody has contracted insurance? – What other risks (beside illness and death and other mentioned ones) could be insured?	Reasons to buy insurance → security against future shocks, protection, sharing losses within a group against reg. contributions…
– Why do people buy insurance or why do they decide not to buy it?	– Are there other risk management strategies that make the use of insurance unnecessary? – Are there any local beliefs that would keep people away from buying insurance? (How is the acceptance of insurance in your community?) – Where do people usually receive advice and help regarding financial matters? – Which providers of insurance exist in the area? – What is your relationship to the (…) Rural Bank? – Which services of the bank do you use?	Networks, relationship to provider, differences between insured and non-insured households/individuals

Closure

Before we close I would like to ask everybody to give a final statement on what he/she thinks is the most important issue regarding the reason for people to buy or not to buy insurance. Thank you etc.

Table A2: Experiences of Shocks among Households in the Past Five Years

	Number of households in the sample (total=1,031)	Estimated number of households in the survey area (total = 24,310)	Estimated proportion in the survey area (percent)
Illness	376	8,056	33.14
Death	241	5,774	23.75
Destruction of property /assets	180	3,535	14.54
Business shock	167	2,856	11.75
Theft	137	2,791	11.48
Rain/flood	130	2,655	10.92
Loss of job	124	2,608	10.73
Drought	99	1,955	8.04
Pest or disease (crop/livestock)	82	1,687	6.94
Accident	69	1,371	5.64
Divorce/separation	45	955	3.93
Funeral of family members	40	943	3.88
Disputes about land/assets	35	775	3.19
Other	50	732	3.01

Source: Authors' illustration, based on household survey data.

Note: Households in the sample are weighted according to their sampling probabilities. Multiple answers are allowed.

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