ISSN: 2958-2326

AJoCsOpen
Sharing Knowledge in Business

African Journal of Commercial Studies
Publisher's Home Page: https://ijcsacademia.com/

Research Paper Peer Reviewed Open Access

Household Experiences and Perceptions of Participation in House Insurance Schemes: A Case Study of Mahopo Compound, Lusaka Province, Zambia

Masiliso Akayombokwa[1]*, Daniel L. Mpolomoka[2]

[1]*School of Business, University of Zambia*
[2]*Unicaf University Zambia*
* Corresponding Author

Article Info

Volume 7, Issue 3

***Publication history*:**
Accepted on 19 February 2026;
Published: 29 April 2026

***Key Words*:**
House insurance Scheme, Household participation, Financial literacy, Risk perception and Income realities

***Article Doi*:**
10.59413/ajocs/v7.i3.11

Abstract

This study investigated household experiences and perceptions regarding participation in house insurance schemes in Mahopo Compound, Lusaka District, Zambia. The objective of the study was to explore how households in Mahopo Compound understand participation in house insurance schemes, to describe how households' risk perceptions shape decisions about participating in house insurance schemes, and to explore how household economic circumstances are experienced in relation to participation in house insurance schemes. The study employed a descriptive research design. Data were collected from a purposive sample of 24 households drawn from a population of 65 using self-administered interview guides. Data was analyzed thematically to identify recurring patterns and shared meanings. The findings revealed that financial literacy played a pivotal role in shaping both awareness and confidence in insurance participation, as households with higher education or prior exposure to financial training demonstrated better understanding of insurance benefits and greater confidence in making financial decisions. Risk perception was equally critical in insurance participation, as households who had personally experienced property loss or witnessed similar events in their community perceived themselves as more vulnerable to risk and were more inclined to consider insurance; meanwhile, the younger and newer households often downplayed risks, and at the same time, mistrust in insurers weakened coping appraisals. Income realities were also critical in insurance participation decisions, as low-income households consistently prioritized basic needs over long-term financial protection, while middle-income households expressed interest but cited affordability and payment flexibility as barriers, and higher-income households were more willing to adopt insurance, underscoring the enabling role of financial stability. The study recommends strengthening community-based financial literacy initiatives; awareness campaigns in urban residential compounds that emphasize the real risks households face, such as fire, theft, and flooding; improving transparency in claims processes; and introducing flexible premium structures, including micro-insurance models, to enhance participation.

1. Introduction

In Zambia, the insurance sector has expanded over the past decade, yet penetration rates remain below expectations compared to the potential market. Reports indicate that while households are increasingly aware of insurance in general, their participation in house insurance scheme remains limited, particularly in urban compounds (Mwale & Mwange, 2025; Banda & Chanda, 2023).

House insurance is designed to provide households with financial protection against the devastating effects of risks such as fire, theft, floods and other disasters. In this context, insurance should play a central role in ensuring financial resilience and stability for families (Zhang & Li, 2021; Dlamini & Mthethwa, 2022). Several studies in Africa have demonstrated that awareness of insurance products, levels of financial literacy, perceptions of risk and affordability strongly influence household decisions to purchase insurance (Otieno & Kamau, 2020; Dlamini & Mthethwa, 2022).

In Zambia, despite the insurance sector having expanding over the past decade, penetration rates remain below expectations compared to the potential market. Reports indicate that while households are increasingly aware of insurance in general, their participation in house insurance scheme remains limited, particularly in urban compounds (Mwale & Mwange, 2025; Banda & Chanda, 2023). By focusing on this community, the present study aims to provide context-specific evidence that can inform insurers, policymakers and community leaders on strategies to increase house insurance purchase. This low penetration raises important questions about the experiences and perception of insurance participation at household level.

This study aimed at exploring household experiences and perceptions regarding participation in house insurance schemes in Mahopo Compound, Lusaka District, Zambia.This is to generate context-specific evidence that can inform strategies to improve insurance participation in similar settings. It will also contribute to ongoing debates about the barriers and opportunities for insurance growth in Zambia, particularly in underserved communities.

DOI Link: https://doi.org/10.59413/ajocs/v7.i3.11

In Lusaka, urban residential compounds such as Mahopo face increasing risks of fire outbreaks, theft, and flooding due to unplanned settlement patterns and limited infrastructure. Despite the evident risks, participation in house insurance scheme remains minimal. For instance, studies on urban insurance behaviour in Lusaka have found that less than one-third of households had ever considered purchasing property insurance, and even fewer had active policies (Mwale & Mwange, 2025). This low penetration leaves households vulnerable to financial shocks that could otherwise be mitigated through insurance.

The inquiry was motivated by persistently low uptake of house insurance in an urban compound which is exposed to recurrent risks such as fire, theft and flooding (Mwale & Mwange, 2025; Banda & Chanda, 2023). Household insurance scheme caters for the presence of individual living in the same residents, a qualitative study approach was adopted to capture lived experiences and contextual meanings (Braun and Clarke, 2019).

In an ideal situation, households in urban areas should actively participate in insurance schemes to safeguard their assets, particularly in environments where risks are heightened by rapid urbanisation and inadequate infrastructure. However, in Zambia only 2.9% of adult population are insured, giving 97% of population uninsured (Finscope, 2015). Insurance participation remains low, with household-level participation in property insurance particularly limited (Mwale & Mwange, 2025).

Studies have shown that many Zambian households are aware of the existence of insurance but lack detailed understanding of how it works, resulting in low engagement (Banda & Chanda, 2023). The situation is further compounded by behavioural and perceptual factors. Many households in urban compounds prefer to rely on informal coping mechanisms such as personal savings, borrowing, or extended family support in times of crisis (Mensah & Adjei, 2021). While these mechanisms provide short-term relief, they do not offer the comprehensive protection that house insurance guarantees. The ideal situation would see households actively insuring their property as a means of financial risk management, Unless the experiences and perception of households are explored, and addressed, the cycle of vulnerability in compounds will persist.

The following three research objectives guided the study:

- To explore how households in Mahopo Compound understand participation in house insurance schemes
- To describe how household's risk perceptions shape decisions about participating in house insurance schemes.
- To explore how household economic circumstances are experienced in relation to participation in house insurance schemes.

1.2 Theoretical Framework

This study was guided by the Protection Motivation Theory. One of the theories of Protection Motivation that influence protection against a risk of a loss in house insurance industry is the Protection Motivation Theory (Rogers,1975). The Protection Motivation Theory was originally proposed by R.W. Rogers in 1975 to explain individuals' responses to fear appeal messages in health communication (Rogers,1975). It centres on two cognitive appraisal pathways. The first, threat appraisal, involves assessment of perceived severity and perceived vulnerability to a threat. The second, coping appraisal, involves evaluation of the effectiveness of the protective action (response efficacy) and the individual's confidence in executing it (self-efficacy), weighed against perceived response costs.

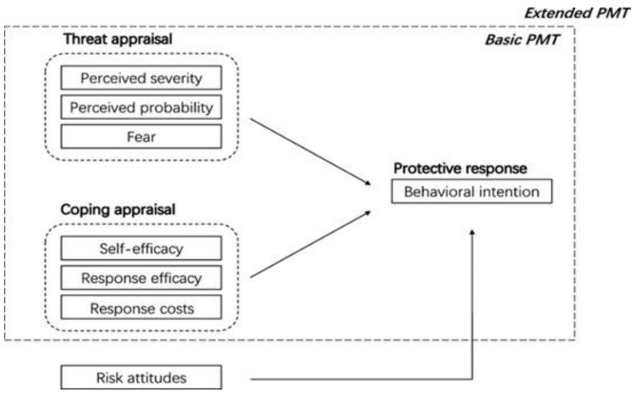

Fig. 1: Diagram for Protection Motivation Theory

Source: Hu et al. (2022)

According to this theory, individuals have strong intentions to engage in protective behaviors if they perceive the threat as severe, believe they are susceptible to it and have confidence in their ability to manage it effectively with a minimal cost (Floyd et al., 2000; Westcott et al., 2017).

2. Literature Review

This section reviews the related literature to the study on insurance participation in house insurance schemes and identify gaps of knowledge. The review ensures that one has a thorough understanding of the topic. It further aids the identification of potential areas for research by looking at similar previous studies within the area. In most cases review of related literature enables one to compare previous findings and other studies done by different Scholars and also identify gap in knowledge. The review of related literature is presented following research objectives that are framed as themes.

2.1 Participation in Household Insurance Scheme

Insurance is widely regarded as a cornerstone of modern financial systems, offering protection against unexpected risks and losses. In the context of households, house insurance provides a critical safeguard for property owners, ensuring that damages resulting from fire, theft, floods or other disasters do not completely erode family assets. This form of insurance not only cushions households from financial shocks but also promotes long-term financial resilience (Zhang & Li, 2021; Dlamini & Mthethwa, 2022). A Study by Nkhata (2017) states that the uptake of house insurance scheme refers to Insurance that offers protection against unexpected risks and losses in the context of households. In the context of households, house insurance provides a critical safeguard for property owners, ensuring that damages resulting from fire, theft, floods or other disasters do not completely erode family assets (Zhang & Li, 2021; Dlamini & Mthethwa, 2022). Despite these benefits, participation of house insurance scheme in Zambia has remained low particularly in urban residential compounds where risks of property damage and loss are high (Ngoza & Fulai, 2025; Mwale & Mwange, 2025).

A study in India by Sharma and Patel (2022) used a survey of 500 households and found that individuals with higher levels of financial literacy were twice as likely to purchase house and property insurance compared to those with limited knowledge. Similarly, Santos and Oliveira (2021), in their analysis of household financial behaviour in Brazil, revealed that financial literacy was positively correlated with awareness and participation of house insurance, with regression models showing literacy accounted for nearly 40 percent of variance in participation. This study is related to the current study as it suggests intergenerational modalities that insurance officers from insurance industry in Zambia requires to promote and make it assessable for clients to participate in house insurance scheme. The study by Sharma and Patel (2022) outlines the need for various stakeholders ranging from research, insurance officers, educators, and policy makers to work together and find ways of promoting the society in participation towards purchasing of house insurance scheme. Similarly, this study outlined the need for various stake holders ranging from researchers, insurance officers, educators and policy makers to work together and find ways of promoting financial literacy, as it is from awareness that individuals can participate insurance schemes.

Another study was conducted in Japan by Solomon and Prabhakar (2022) that was titled, "Assessing the influence of participation in uptake of house insurance scheme at Hayama residents in Japan." The objectives of the study were; to understand the costs of insurance products purchased for the residents of Hayama. Second, to identify low determinants that reduces the higher purchase of house insurance scheme. The last objective was to establish the determinants that promote the purchase of house hold insurance scheme. Finding from Solomon and Prabhakar (2022) study states that participants decision making has long been of interest to researchers. Beginning about 300 years ago early economists led by Nicholas Bernoulli, John von Neumann and Oskar Morgenstern started to examine the basis of clients in participating in house insurance scheme depends on decision making (Richarme, 2005). This early work approached the topic from an economic perspective and focused solely on the act of purchase (Loudon, 1993).

Other findings from the study explains that the most prevalent model from this perspective is "Utility Theory" which proposes that clients make choices based on the expected outcomes of their decisions. Clients are viewed as rational decision makers who are only concerned with self-interest (Schiffman, 2007; Zinkhan, Human, 1992). Where utility theory views the clients as a "rational economic man" (Zinkhan, Human, 1992), contemporary research on participants for insurance products behavior considers a wide range of factors influencing the client, and acknowledges a broad range of the insurance product activities beyond purchasing. These activities commonly include; need recognition, information search, evaluation of alternatives, the building of purchase intention, the act of purchasing and premium of interest towards the insured product.

Further in the above, this more complete view of client behavior has evolved through a number of discernible stages over the past century in light of new research methodologies and paradigmatic approaches being adopted. While this evolution has been continuous, it is only since the 1950's that the notion of client behavior has responded to the conception and growth of modern marketing to encompass the more holistic range of activities that impact upon the client decision (Blackwell, 2001). This is evident in contemporary definitions of consumer behavior: "consumer behavior is the study of the processes involved when individuals or groups select, purchase, use of products, services, ideas or experiences to satisfy needs and desires" (Solomon, 2006).

The insurance company may have better information to the large number of clients and claims which they deal with. Also, the insurance company usually has better information about the self-constructed product (Marešová, Drahokoupil, 2001). A study by Blackwell (2001) and Marešová and Drahokoupil (2001) are linked in terms of information as both studies indicates from there finding that the advantage of the demand side is the advantage of the client of the insurance company. The advantage lies in the fact that nobody knows their own situation, health condition, technical condition of assets, financial situation, etc. better than the clients themselves who want to be insured. Such a client should therefore logically conclude insurance whenever they think its worthy, i.e. the rate of their future benefit will be higher than if they did not conclude insurance participation. The client uses their dominance in the information, assuming that the insurance company will pay them more than they pay to insurance company (Marešová, Drahokoupil, 2001).

In sub-Saharan Africa, property insurance penetration remains particularly low. A study conducted in Ghana revealed that while awareness of house insurance products was moderate, cultural reliance on informal mechanisms such as extended family support discouraged formal insurance adoption (Mensah & Adjei, 2021). In Kenya participating in insurance was found to be more closely linked to direct exposure to risks with households that had experienced theft or fire being significantly more likely to invest in insurance (Otieno & Kamau, 2020). These examples underscore the role of personal and community experiences in shaping household risk management strategies across the region. Several studies have demonstrated that awareness of insurance products, levels of financial literacy, perceptions of risk and affordability strongly influence household decisions to purchase insurance. In Kenya, for example, it was observed that households with higher financial knowledge were more likely to adopt home insurance, largely because they understood its long-term benefits (Otieno & Kamau, 2020). Similarly, in South Africa, insurance participation was found to increase among families that had previously experienced property losses, highlighting the influence of risk perception (Dlamini & Mthethwa, 2022). These findings emphasise that household decisions are not only economic but also behavioural.

In developed economies, the penetration of house insurance is relatively high, reflecting both widespread awareness and institutionalised risk management practices. However, in many developing countries, including Zambia, participation of house insurance scheme remains low despite the growing vulnerability of urban households to property-related risks. (Mwale & Mwange, 2025; Banda & Chanda, 2023; Ngoza & Fulai, 2025). In Zambia, the insurance sector has expanded over the past decade, yet penetration rates remain below expectations compared to the potential market. Reports indicate that while households are increasingly aware of insurance in general their participation in house insurance scheme remains limited particularly in urban compounds (Mwale & Mwange, 2025; Banda & Chanda, 2023). Many households prefer informal coping mechanisms, citing high premium costs, lack of trust in claims processes and inadequate understanding of policy terms.

The findings across global, regional and local studies demonstrate that financial literacy has a direct effect on house insurance participation. Households with strong financial knowledge are not only more aware of insurance products but also more confident in navigating policy information and making purchasing decisions.

Conversely, where literacy is low, households are less likely to participate, even if they have the financial means. This is particularly significant in residential compounds like Mahopo in Lusaka, where diverse socio-economic groups reside and where property risks are high. The reviewed evidence suggests that enhancing financial literacy in compounds such as Mahopo could be an effective strategy to increase participation in house insurance scheme. Structured education campaigns, community outreach and simplified information on insurance policies could empower households to make informed decisions that is prominent for the present study as it is focused on investigating the determinants of household participation in house insurance scheme in Mahopo Compound, Lusaka district of Lusaka province in (2025).

2.2 How households in Mahopo Compound understand participation in house insurance schemes

This section reviews the studies done on participation in house insurance scheme globally, within Africa and Zambia as presented by different researchers.

A study in India by Sharma and Patel (2022) used a survey of 500 households and found that individuals with higher levels of financial literacy were twice as likely to purchase house and property insurance compared to those with limited knowledge. Equally also a study in Japan by Solomon and Prabhakar (2022) and in Brazil by Santos and Oliveira (2021) agrees with the study for Sharma and Patel (2022) that, individuals with higher levels of financial literacy are twice as likely to purchase insurance, compared to individuals with limited knowledge.

In Ghana, Mensah and Adjei (2021) conducted a cross-sectional study of urban households and demonstrated that financial literacy significantly influenced property insurance decisions. Their findings revealed that while 60 percent of respondents were aware of house insurance less than 20 percent had adopted it primarily because they lacked the detailed understanding of policy terms and benefits. Equally in Kenya, Otieno and Kamau (2020) similarly observed that limited financial knowledge compounded by misinformation, discouraged households from viewing insurance as a viable financial tool thereby lowering participation rates. Studies also in Southern Africa provide further evidence of the importance of financial literacy. In south Africa, Moyo and Ndlovu (2022) employed regression analysis to test the relationship between financial literacy and property insurance participation. They found that households with financial training or exposure to workplace financial counselling were more likely to prioritise house insurance. Interestingly, the study also revealed that while awareness levels were fairly high, depth of knowledge was often superficial which limited meaningful engagement with insurance products.

In Zambia, a study by Mwale and Mwange (2025) also expressed similar trends whose study examined factors affecting general insurance penetration in Lusaka District and found that while most households were aware of insurance, only a minority had adequate knowledge to make informed decisions. The study concluded that financial literacy strongly predicts insurance participation with households that understood insurance benefits being three times more likely to purchase policies. In the same manner, Banda and Chanda (2023) also highlighted that many Zambian households relied on informal sources of information such as friends and relatives that often led to partial or misleading knowledge about insurance products. The relevance of financial literacy is also evident in behavioural studies. Ngoza and Fulai (2025), using a mixed-methods approach in Lusaka's Chalala residential area, reported that households with higher financial literacy displayed stronger attitudes towards insurance participation. Respondents who had received prior financial training or engaged with banks and formal institutions were more confident in choosing and maintaining house insurance policies. Conversely, households with limited financial knowledge perceived insurance as an unnecessary expense and were less likely to adopt it.

This study is related to the current study as it suggests intergenerational modalities that insurance officers from insurance industry in Zambia requires to promote and make it assessable for clients to participate in house insurance scheme. Households with greater financial knowledge are better equipped to understand the terms, benefits and long-term value of insurance which increases their likelihood of adopting such products. Lusardi and Mitchell (2020) found in a cross-country survey that individuals with higher financial literacy scores were significantly more likely to purchase insurance policies attributing this to improved decision-making and risk evaluation skills. The gap in this literature is that, some studies are done in developed countries and then those in developing countries focused on developed townships, as none of the studies were done in a compound, hence the importance of this study to bridge the gap.

2.3 Ways household's risk perceptions shape decisions about participating in house insurance schemes

A study done in Zambia by Kilonzo, Yego and Kemboli (2014) concurs with Zhang and Li (2021) in China who examined 800 households in flood-prone regions and found that those with stronger perceptions of risk were significantly more likely to insure their homes. Their logistic regression models indicated that households that had previously experienced a disaster were nearly four times more likely to adopt house insurance compared to those who had not. Similarly, Sharma and Patel (2022) in India established that households perceiving high vulnerability to theft or fire were more willing to allocate income toward house insurance despite affordability concerns.

Other studies in Africa also have shown that property insurance adoption is strongly tied to perceived vulnerability. Otieno and Kamau (2020) in Kenya revealed that risk perception had a direct effect on property insurance participation. Their study, which used survey data from Nairobi households, found that respondents who viewed their neighbourhoods as unsafe were more inclined to purchase home coverage. However, they also noted that younger households tended to underestimate risks, delaying their engagement with insurance until after experiencing loss.

Equally, Mensah and Adjei (2021) in Ghana reached a similar conclusion, arguing that risk perception is often shaped more by personal experiences and social influences than by statistical probabilities of risk. In the same manner, in South Africa, Dlamini and Mthethwa (2022) explored the role of risk perception in influencing property insurance participation among households in South Africa. Using a mixed-methods approach, they found that households directly affected by floods or fire were significantly more likely to participate in insurance compared to those without prior exposure. Their qualitative interviews also revealed that cultural reliance on extended family support systems reduced the perceived need for insurance, as some households believed that community solidarity was sufficient to recover from loss.

More recent Mwale and Mwange (2025)'s study in Zambia, observed that the critical role of risk perception many urban households in Lusaka underestimated mighty cause risks to their homes, that can contribute to low participation of house insurance scheme. Despite the frequency of fire incidents and property theft in residential compounds, respondents reported feeling "secure enough" without formal coverage. Banda and Chanda (2023) also noted that households that had directly experienced property loss demonstrated higher willingness to adopt insurance compared to those who relied only on hearsay. In the same manner, Ngoza and Fulai (2025) in Chalala Compound emphasised that risk perception interacts with financial literacy and income levels. Their study found that households with higher literacy levels perceived risks more accurately and were more inclined to adopt insurance, while those with limited financial understanding often underestimated risks and considered insurance unnecessary. The authors concluded that enhancing awareness of actual risks faced by households could shift perceptions and increase insurance participation in urban residential areas.

The study suggests that risk perception is as powerful and financial literacy in promoting insurance participation. Households that perceive themselves as vulnerable to property-related risks are more likely to engage in insurance while those with lower perceptions of risk are less motivated to allocate income to premiums. This also aligns with the Theory for Protection Motivation Theory, which states that, individuals who assess risk exposed to them as severe, will decide to seek protection behaviour. In this case Protection behaviour will be to participate in House Insurance Scheme Author (2025).

For communities such as Mahopo Compound in Lusaka, where households face real threats of fire, theft, and flooding, misperceptions about risk remain a critical barrier. Strengthening risk awareness campaigns, sharing real-life experiences, and demonstrating the long-term costs of uninsured losses could help shift perceptions in Mahopo. By addressing both the underestimation of risks and the cultural reliance on informal coping mechanisms, policymakers and insurers can better position house insurance as a necessary safeguard. Enhancing households' perception of risk, therefore, holds the potential to significantly improve participation in house insurance scheme in Zambia's urban compounds.

2.4 Household economic circumstances that influence participation in house insurance schemes

Santos and Oliveira (2021), studying 600 households in Brazil, found that higher-income households were nearly three times more likely to purchase house insurance compared to lower-income groups. Regression results in their study demonstrated that income was a significant predictor of both initial participations for purchasing insurance and long-term policy retention. Similarly, Sharma and Patel (2022) in India established that households with middle to high income were more inclined to invest in home insurance, despite recognising similar risk levels as low-income households. This stresses that affordability often determines whether a household can translate awareness and perceived need into actual participation.

In sub-Saharan Africa, income disparities have been identified as one of the leading barriers to house insurance participation. Otieno and Kamau (2020) in Nairobi observed that income level had a statistically significant influence on whether households purchased property insurance. Even when lower-income households perceived risks as high, their limited financial capacity constrained their ability to afford premiums. Mensah and Adjei (2021) in Ghana reported similar findings, noting that most households in low-income areas relied on informal coping mechanisms because formal insurance was perceived as costly and unattainable. Their study revealed that without flexible premium structures, insurance remains inaccessible to large segments of the population. Evidence from South Africa reinforces these trends. Moyo and Ndlovu (2022) studied urban households in Johannesburg and found that income was the strongest determinant of property insurance participation. Their findings revealed that households with higher income not only purchased house insurance but also selected policies with broader coverage. Conversely, low-income households either had no insurance or opted for minimal coverage. The study recommended the introduction of micro-insurance products with affordable premiums to close the participation gap.

Furthermore, in Zambia, income remains a major barrier to house insurance participation, Mwale and Mwange (2025) examined households in Lusaka District and reported that over 70 percent of low-income households cited affordability as the main reason for not purchasing property insurance. Their regression analysis confirmed that income levels were significantly associated with the likelihood of insurance participation. Banda and Chanda (2023) similarly found that even households with moderate awareness of insurance products failed to purchase policies due to competing financial priorities. Respondents often prioritised school fees, food, and rent, leaving insurance as a low priority.

Equally, Ngoza and Fulai (2025) in Chalala Compound highlighted the interaction between income and trust. Their findings showed that lower-income households were more sceptical of insurance companies, often perceiving that premiums were too high and that claims were unlikely to be honoured. This scepticism, coupled with income constraints, created a double barrier to participation. The authors concluded that affordable and transparent insurance products tailored to the realities of low- and middle-income households could enhance participation in Zambia's urban residential areas.

The reviewed study evidence confirms that income levels are central to household participation in house insurance scheme. Households with higher incomes are better positioned to allocate resources towards risk protection, while lower-income households remain excluded due to affordability concerns. For Mahopo Compound in Lusaka, where many households are middle to low income, these barriers are particularly relevant.

Overcoming the income barrier requires innovative solutions, including flexible payment options, subsidised premiums, and micro-insurance products tailored to the financial capacity of urban households. Policy interventions and targeted financial products could enable households in Mahopo Compound to participate in house insurance scheme without compromising their immediate financial needs. Ultimately, improving accessibility through affordability is critical for expanding insurance penetration and protecting vulnerable households from catastrophic property losses.

2.5 Gap in Literature Reviewed

Although extensive research has been carried out on house insurance participation in both developed and developing economies, several gaps remain particularly in the Zambian context. Globally, most studies have consistently demonstrated that insurance participation decisions are influenced by risk perception, awareness and income levels (Lusardi & Mitchell, 2020; Santos & Oliveira, 2021; Sharma & Patel, 2022). The dynamics in developing contexts differ substantially with cultural norms, institutional trust and affordability playing a much larger role, yet these factors remain underexplored in Zambia.

In Zambia, research on insurance participation has expanded in recent years, but the emphasis has been on general insurance penetration, corporate uptake, or employer-linked scheme (Mwale & Mwange, 2025; Banda & Chanda, 2023). The current study is different from Mwale & Mwange, (2025) and Banda & Chanda (2023) and other studies conducted outside Zambia, related to this topic of study in many ways. They cover the setting context (place), period and attitude of people which mirror different views from other studies conducted towards participation in house insurance scheme. This leaves a contextual gap, as households in compounds like Mahopo may face unique challenges such as lower income levels, weaker access to financial information, and differing risk perceptions compared to higher-income neighbourhoods. Another gap relates to the methodological approach. Many existing Zambian studies have adopted descriptive designs that highlight awareness levels or general attitudes toward insurance. Lastly, there is a policy and practice gap. Even though insurers and policymakers in Zambia recognise the importance of expanding insurance penetration, interventions have largely targeted formal employees, corporate clients, or vehicle owners.

3 Methodology

The study adopted a qualitative research paradigm, in particular, the descriptive research approach, which literature supports for its appropriacy in a study like this one (Creswell & Poth, 2018; Banda, et. al., 2017). Qualitative method allowed for a more flexible and interpretive engagement with participants (Flick, 2018; Chikopela, et al., 2021) This design was appropriate because it helped the study to document how variables manifested in participants' accounts. Sandelowski (2010) notes that descriptive qualitative design allows researchers to present participants' voices clearly while identifying recurring patterns across narratives.

The study also employed a case study research design. A research design provides a framework for collecting and analysing data to answer the research questions (Yin, 2018). A case study is defined as an in-depth investigation of a bounded system or context allowing the researcher to focus on particular phenomena within a real-life setting.

The population for this study comprised households residing in Mahopo Compound of Lusaka district, who were considered potential users of house insurance products. The total population size was 65 households as identified during preliminary scoping. According to Etikan and Bala (2017) delimiting the research to a defined population enhances contextual accuracy making findings more meaningful for targeted interventions. This aligned with the qualitative aim of achieving depth of understanding rather than statistical representativeness (Silverman, 2020).

The sample size was 24 households, selected purposively from the total population of 65. A sample refers to the subset of the population that is studied to draw insights about the larger group (Kumar, 2019). In qualitative research, sample size is determined by the principle of data saturation, where additional interviews no longer yield new themes (Guest, Namey, & Chen, 2020). The choice of 24 participants was considered adequate to capture diverse experiences while also being feasible for in-depth qualitative analysis.

The instruments that were used to collect data were the interview guide and a focus group discussion guide.

Leedy and Ormrod (2005) state that data in a qualitative study takes great deal of time. As such the researcher was taking down field notes on any potential useful data thoroughly, accurately, and systematically using notes and check list.

The interview guides had open-ended questions to allow participants to express themselves freely and allow the researcher to collect data in a narrative way. This helped the researcher to ask follow-up questions to get detailed clarification on the subject. Anderson (1999:222) states that, "an interview is a specialized form of communication between people for a specific purpose associated with some agreed subject matter. He argues that, when used with care and skill, interviews are an incomparable rich source of data." Therefore, the researcher used this technique because of its ability to clarify questions and probe the answers from the respondent, providing more complete information than would be available in written form. During face-to-face interviews and using the interview guide, the researcher took down notes for qualitative analysis. Using interviews allowed the researcher to probe issues such as financial priorities and risk perceptions, which are best articulated through personal narratives (Silverman, 2020).

Focus group discussion was used when selecting participants to collect in depth data regarding the fact that they are residents from Mahopo compound and whether they have insurance scheme coverage with any insurance company or any broke firm. The advantage of using this instrument is that not only does it disclose what is important to individual respondent but the group setting, but also attempts to create a synergistic environment resulting in a deeper more insightful discussion (Anderson, 1998:200).

Data collected was analysed using thematic analysis. Thematic analysis is a qualitative method that involves systematically identifying, organising and interpreting patterns of meaning within textual data (Braun & Clarke, 2019). It was selected because it allowed the researcher to capture both manifest and latent themes in participants' narratives thereby offering more insights.

The use of thematic analysis was justified because it provided flexibility and adaptability to the study's exploratory nature. Unlike content analysis which often quantifies textual elements, thematic analysis prioritised meaning-making which was central to the study's objectives. It also allowed the researcher to integrate theoretical perspectives of the Protection Motivation Theory into the interpretation of themes thereby grounding findings within established frameworks.

The analysis process followed six stages: familiarisation with the data through repeated reading of transcripts, generation of initial codes, searching for themes, reviewing themes, defining and naming themes and producing the report. This systematic approach ensured rigour and transparency allowing the researcher to trace findings back to participants' accounts (Nowell et al., 2017). Coding was done manually to ensure immersion in the data and to enable the researcher to capture subtle meanings expressed by participants.

This study adhered to the highest standards of research ethics and was cleared by the University Ethics Committee (HSSREC IRB No. 00006464, REF NO. HSSREC-2026-FEB-038). All participants were provided with comprehensive information about the study's purpose, procedures, potential risks and benefits. They were required to give written consent before participating. Voluntary participation was emphasized and participants were informed of their right to withdraw at any time without penalty. All responses were treated as confidential. To ensure anonymity, no names or personal identifiers were attached to the data or presented in the findings. The study also promoted equal opportunity for participation across gender, age and jobs roles. All participants were treated with dignity, respect (Mpolomoka, 2024) and their input was valued equally, regardless of their position within the organization.

4 Findings

The findings to these objectives from participants (men and women), are presented in the sections below under research objectives captured as main themes. Under each main theme, there are other smaller themes that came through the data analysis process and all those have been presented below.

4.1 Thematic Analysis

Objective One: To explore how households in Mahopo Compound understand participation in house insurance schemes.

This was the first research objective and the data collected from research participants are presented in verbatim and paraphrased form the respondents. Data from interviews and focus group discussions were cross-checked and consolidated through Participants checklist.

Table 1: Thematic Analysis - Households in Mahopo Compound understanding

Verbatims (Participant Quotes)	Initial Codes	Patterns / Categories
"I have heard about house insurance, but I do not understand how it works." (Participant 4)	Limited understanding of insurance	Limited insurance knowledge
"Nobody has ever explained to us the terms clearly." (Participant 9)	Lack of clear explanation	Information gaps
"Some people say insurance companies do not pay when you claim." (Participant 6)	Reliance on informal information	Misconceptions about insurance

Therefore, when participants were asked to comment on how they would describe, understand house insurance and what it offers to the clients? The following responses were provided.

The analysis above aligns with the studies for (Mensah & Adjei, 2021; Otieno & Kamau, 2020) which revealed that insurance participation is improved when insurers engages communities in awareness programmes. This study revealed that respondents' understanding of insurance varied widely, reflecting differences in education, sources of information, and life experiences. A 42-year-old male respondent who had lived in Mahopo Compound for more than a decade admitted, "I have heard about house insurance from my colleagues, but honestly, I do not fully understand what it covers. I just know it has something to do with protecting property." This response reflects limited comprehension of the concept, despite long-term residency in the area.

Objective Two: To describe how household's risk perceptions shape decisions about participating in house insurance schemes.
The second research objective sought to describe household's risk perceptions shape decisions about participating in house insurance schemes. The data collected from research participants is presented in verbatim and paraphrased form from the respondents. When participants were asked about what they thought were most threatening to their household property in Mahopo Compound, respondents identified several ones significant to their households, with fire and theft being the most commonly cited.

Table 2: Thematic Analysis - Households's risk perceptions

Verbatims (Participant Quotes)	Initial Codes	Patterns / Categories
"After my neighbour's house burnt down, I started thinking about insurance." (Participant 3)	Experience increases awareness	Lived experiences shape risk perception
"Floods are common here, but we just accept it as normal." (Participant 12)	Normalisation of risk	Low perceived vulnerability

During interviews; A 47-year-old female respondent who had lived in Mahopo Compound for 12 years explained, "Last year, one of my neighbours lost everything in a fire. That incident made me realise that our houses are not safe and insurance could really help in such times." This aligns with the theory for Protective Motivation Theory, as it brings risk protective behaviour which responds to the threat which one views after rick assessment. This entails that participation is increased when people have experienced property loss, as fire becomes a threat to them and then seeks protection behaviour, which in turn increases insurance participation (author, 2025)

Objective Three: To explore how household economic circumstances are experienced in relation to participation in house insurance schemes.
The third research objective sought to explore how household economic circumstances are experienced in relation to participation in house insurance schemes. The data collected from research participants are presented in verbatim and paraphrased form from the respondents.

Table 3: Household Economic Circumstances

Verbatims (Participant Quotes)	Initial Codes	Patterns / Categories
"Right now, food and school fees come first before insurance." (Participant 2)	Competing financial priorities	Basic needs over insurance
"The premiums are too expensive for people like us." (Participant 14)	Perceived unaffordability	Financial constraints

The findings in this objective aligns with the study for Mulenga & Phiri (2021) that for low and medium income earners, flexible premium payment or employer linked scheme would encourage participation. Low-income earners consistently described insurance as a secondary priority compared to immediate survival needs. A 34-year-old male respondent employed as a casual labourer explained during interviews that, "My salary is very small, so after paying rent and buying food, there is nothing left for things like insurance." His statement illustrates the reality that for households struggling with limited financial resources, insurance is considered a luxury rather than a necessity.

4.2 Discussion of Findings

This section discusses the findings. It integrates the Protection Motivation Theory that was earliest set and that anchored the study.

Participation in house insurance schemes by households in Mahopo Compound

The study stated that financial literacy encouraged insurance participation. Respondents with higher education or prior exposure to financial training demonstrated better understanding of insurance benefits and greater confidence in making financial decisions. This aligns with Lusardi and Mitchell (2020); Sharma and Patel, (2022); Mwale and Mwange, (2025)'s studies that found that individuals with higher financial literacy scores were significantly more likely to purchase insurance policies, attributing this to improved decision-making and risk evaluation skills.

From a theoretical perspective, the findings are in sync with the Protection Motivation theory where awareness about the threats faced by the household is spread in compounds, thereby shaping intention to act or seek protection behaviour, thus improving on insurance knowledge and strengthening coping appraisals. For policy, these results suggest that insurers and government stakeholders must invest in simplified communication strategies and community workshops that demystify policy terms for ordinary households.

Influence of households' risk perceptions in participating in house insurance schemes

The study showed ways in which risk perception encourages household to participate in house insurance schemes. Respondents who had personally experienced property loss, or witnessed similar events in their community, perceived themselves as more vulnerable and were more inclined to consider insurance. However, younger residents and new arrivals often downplayed risks, meanwhile widespread mistrust in insurers weakened coping appraisals. This aligns with studies by Zhang and Li (2021); Otieno and Kamau (2020); Dlamin Mtethwa (2022); Ngoza & Fulai (2025), whose findings point to risk perception being critical in insurance participation.

In Mahopo Compound, threat appraisal was evident among those with direct exposure to risks, whereas coping appraisal was shown to be weakened by risk perceptions. Policy implications, these results suggest that insurers and government stakeholders must invest in awareness programs, focusing at reaching compounds and addressing real challenges faced by the residents, more especially when faced with losses such as fire, flood and theft.

Household economic circumstances: Their influence on participation in house insurance schemes

Low-income respondents consistently prioritised basic needs such as food, rent, and education, leaving little capacity for insurance. This finding mirrors Sharma and Patel (2022) study which established in India that, where stable income predicted stronger participation even when risk perception was moderate. Policy implications, these results suggest that insurers and government stakeholders must promote more policies for micro insurance, which suits with low income and also provide subsidised insurance products and instalment plans to mitigate affordability issues.

5 Conclusions and Recommendations

5.1 Conclusion

The study explored household experiences and perceptions of participation in house insurance schemes. The findings revealed that financial literacy played a pivotal role in shaping both awareness and confidence in insurance participation. Household with higher education or prior exposure to financial training demonstrated better understanding of insurance benefits and greater confidence in making financial decisions. Risk perception emerged equally as critical in insurance participations, as household who had personally experienced property loss or witnessed similar events in their community, perceived themselves as more vulnerable to risk and were more inclined to consider insurance. However, the younger and new household often downplayed risks and at the same time, mistrust in insurers weakened coping appraisals. Lastly, income realities also emerged as critical in insurance participation decision, as low income household consistently prioritized basic needs over long-term financial protection. On the other hand, middle income household expressed interest but cited affordability and payment flexibility as barriers. Meanwhile higher income household were more willing to adopt insurance, underscoring the enabling role of financial stability.

5.2 Research Recommendations

- Insurance companies should design and implement community-based financial literacy programmes that simplify policy terms and provide clear information about the benefits of house insurance.
- Policymakers should collaborate with insurers to develop micro insurance products tailored to low- and middle-income households.
- Insurance regulators and providers should focus on issues of mistrust by ensuring that there is transparent claims processes and timely claims settlement.
- Insurance companies should hold targeted awareness campaigns in urban residential compounds that emphasise the real risks households face, such as fire, theft and flooding and ensure they have accurate risk appraisal of risk faced.

Declaration of Competing Interests

The authors declare that they are not aware of any competing financial interests or personal relationships that may have influenced the work described in this document.

Funding

This research did not receive specific grants from any public, commercial, or non-profit sector funding bodies.

Acknowledgements

I would like to offer my heartfelt gratitude to everyone who made a contribution to this research.

Ethical considerations

The article followed all ethical standards appropriate for this kind of research.

References

Adewale, L., & Njoroge, P. (2021). The role of financial education in reducing risk perception gaps. African Finance Journal, 14(3), 98–114.

Ajzen, I. (1991). The theory of planned behaviour. Organizational Behavior and Human Decision Processes. Cambridge: Cambridge University press.

Banda, P., & Chanda, K. (2023). Workplace communication and employee engagement in financial planning. Lusaka: African Journal of Business and Economics.

Banda, S., Mpolomoka, D.L., Mbono, D. and Sampa, R.L. (2017). Use of questions in qualitative research: How questions guided our study. International Journal of Development Research, 7, (12), 17895-17898.

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. Qualitative Research in Psychology, 3(2), 77–101.

Braun, V., & Clarke, V. (2019). Reflecting on reflexive thematic analysis. Qualitative Research in Sport, Exercise and Health. Cambridge: Cambridge University.

Chikopela, R., Mpolomoka, D.L., Sikanyika, S.F., Sondashi, G., Kalizinje, C.N. and Zimba, J. (2021). Student's perspectives on enhancing research in ODL in selected higher learning institutions in Zambia. International Journal of Research and Scientific Innovation (IJRSI), 8(1), 127-132. https://dx.doi.org/10.51244/IJRSI.2021.8108

Creswell, J. W., & Poth, C. N. (2018). Qualitative inquiry and research design: Choosing among five approaches (4th ed.). London: Sage publications.

Dlamini and Mathethwa (2022). The role of risk perception in influencing property insurance participation among households. Johannesburg: South Africa.

Flick, U. (2018). An introduction to qualitative research (6th ed.). London: Sage publications.

Gitau, P. (2015). An assessment of cultural factors affecting insurance uptake of insurance. A survey of the Nairobi county central business District. Nairobi: University of Africa in Kenya.

Lusardi, A., & Mitchell, O. S. (2020). Financial literacy and planning: Implications for retirement wellbeing. Journal of Pension Economics & Finance, 19(4), 123–138.

Mensah, K., & Adjei, E. (2021). Organisational support and trust in insurance providers: Lessons from Ghana. African Business Review, 8(2), 45–58.

Moyo, T., & Ndlovu, S. (2022). The role of employer-led financial literacy programs in enhancing insurance uptake. Lusaka: Southern Africa Business Journal, 14(1), 89–102.

Momba, B. (2021). Addressing factors affecting fire insurance uptake: a case study by Makeni residents in Zambia at household level Lusaka: University of Zambia.

Mpolomoka, D. L. (2024). Research Ethics in Post-Graduate Education: A Meta-Analysis. Journal of Education and Practice, 15(13), 26-33 https://doi.org/10.7176/JEP/15-13-02

Mulenga, F., & Phiri, B. (2021). The affordability challenge: Insurance uptake in Zambia's public sector. Lusaka: Zambia Journal of Economic Research, 10(2), 22–34.

Mulenga, O (2015). Insurance penetration and growth in Zambia. Lusaka: Information University.

Mwangi, J., & Otieno, L. (2020). Income stability and financial planning behaviour in East Africa. Nairobi: Kenya.

Mwale, L., & Mwange, P. (2025). Factors affecting general insurance penetration in Lusaka District of Zambia. University of Zambia: Lusaka.

Ngoza, C., & Fulai, M. (2025). Household awareness and participation in insurance in urban Lusaka: Evidence from Chalala. University of Zambia: Lusaka.

Nkata, P. (2017). To determine the factors for the underwhelming response to life insurance among Zambian – a case study of Lusaka

Otieno, J., & Kamau, P. (2020). Risk perception and its influence on insurance decisions in Kenya. East African Journal of Finance, 11(2), 110–125.

Rogers, R. W. (1975). A protection motivation theory of fear appeals and attitude change. Journal of Psychology, 91(1), 93–114.

Santos, L., & Oliveira, M. (2021). Household income and insurance participation in Brazil. International Journal of Economic Studies, 18(2), 100–115.

Sharma, R., & Patel, M. (2022). Health and property insurance adoption and risk perception in India. Asian Journal of Insurance Studies, 12(1), 45–62.

Yego, Nelson, Kilonzo et al., (2014). Influence of customer attitude on uptake of life insurance among teachers. Vasin Gishu: Kenya.

Yin, R. K. (2018). Case study research and applications: Design and methods (6th ed.). London: Sage publications.

Zhang, Y., & Li, C. (2021). The role of risk perception in health insurance uptake: Evidence from China. China: Asian Journal of Insurance and Risk Management, 10(1), 15–28