

Factors Influencing Life Insurance Consumption in Malaysia

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Abstract

This study analyses on the factors influencing life insurance consumption of private life insurance companies. Insurance is an important risk management method to eliminate the worry on high medical fees, debt cancellation, income protection and retirement funding. Policyholders are generally concerned on policy features and trust on insurance agent as well as the insurance company itself when they decided to sign up for an insurance policy. The importance of this research is to increase the awareness of life insurance to public. Malaysian Central Bank had published an analysis that showed only 50% of Malaysian population bought a life insurance. This is considered a large gap to achieve Vision 2020 that set to reach insurance penetration rate up to 75%. The study was illustrative in simple random sampling method using questionnaires. The result indicated that the trust on insurance company, trust on insurance agent, and efficiency on claim settlement are mostly influenced the life insurance consumption.

Keywords: Life insurance, trust, efficiency, claim settlement, policyholder

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INTRODUCTION

Insurance is a risk management approach in the legal and economic sense, primarily for the risk of economic loss. Insurance is paid by a certain amount of money, which we call premiums, to pass a potential risk on to third parties and let them bear our losses. Another way of saying this is that everyone pays premiums in one place. If one person is in trouble, everyone is sharing it. It is a social risk transfer mechanism that is spread in the form of money. The modern social insurance system was created by the German prime minister of the 19th century Otto Eduard Leopold von Bismarck in order to compete with the socialist movement for the working class, and European countries followed suit. Today, insurance has become one of the indispensable

links to maintain the normal operation of modern society.

There are two types of insurance, one is life insurance and the other is General Insurance. Life insurance is a risk that being pass onto insurance companies such as risk of money loss from death, lifelong disability, serious illness, accidents, and medical expenses. General Insurance refers to general fire insurance, Public Liability Insurance, auto insurance and more. This study will only focus on life insurance. In life insurance, there is a need to identify beneficiaries to ensure that the money paid out by insurance is handed over to the appropriate person. The insurance premium can be paid monthly, quarterly, half yearly or yearly. In Malaysia, generally, life insurance need to be purchased through an

insurance agent. The insurance company does not allow a person to walk in to purchase insurance.

Bank Negara has targeted the national insurance penetration rate to breach 75 percent in 2020 from the current 56 per cent (Rupa, 2017). Kwo (2014) mentioned that every household's main wage earners must have a life of RM553,000 and a Medicare, so that even if the family's economic pillars die, a RM553,000 compensation will be enough for them to maintain their current quality of life for at least five years. The average mortality gap for each member of a family was between RM100,000 to RM150,000, which was the average amount a person needs to sustain his spending or lifestyle for the next five years upon the death of the breadwinner. A family consist of five members, parents and three children. Malaysia has a population of 12.5 million, and 90% of them are underinsured. That is to say, if they die, the life insurance compensation is not enough to make his family's existing quality of life at least for five years, and some families may have also pay debts for the deceased, such as mortgages, car loans, credit cards and so on.

If a person does not have sufficient protection, his family will be in financial difficulties when he/she dies, especially if he/she is the economic backbone of the family. Generally, the burden of a person will be mortgage, car loan, family economic expenses, child tuition, etc. If he/she dies, it means that the family has lost the machine to make money, and the normal expenses of the family have no way to continue to pay. At this time, if he/she does not have sufficient life insurance protection, his/her family will have to sell the house to repay the loan. If the house cannot be paid off after selling the house, his family may be sued by the bank for bankruptcy. On the other hand, the family lost the breadwinner and may not be living in the same quality of life in the past. In addition, a person who does not have medical insurance guarantees will inevitably impose a heavy burden on the family. Today's medical expenses are quite expensive, and a small operation can erode people's savings and even go bankrupt. A medical card can help to solve this

concern, and people can enjoy the best medical facilities without paying any fees. Although medical cards are quite popular compared to other types of life insurance, there are still many Malaysian medical card holders are underinsured. Many insurance companies have introduced a million-dollar medical card because of the high medical cost and to meet the needs of policyholders. The premium is quite cheap that most people afford to have it. However, there are still many people who have a medical card with an annual limit of only about 70,000, which is considered to be under insured.

Insurance plays an important role in our daily lives, and it allows our responsibilities to continue to play, even if we are unable to generate income for our families. There are still many people in Malaysia who do not have insurance awareness, and even feel that insurance is optional, so they are not willing to spend money to insure themselves and bring protection to their loved ones.

Malaysia is a developing country. In addition to the need to increase employment opportunities, the government needs to ensure that Malaysia's financial system matures. Japan is the best example in terms of insurance penetration rate. Japan is the highest in the world which every national has at least seven insurance policy. Japan's insurance industry is so mature because of strict market access, and the Japanese government's strict supervision of foreign insurance companies has made it difficult to develop insurance business in Japan. Before the implementation of the new Insurance Law in 1996, Japanese regulators adopted an escort-style supervision method to secretly coordinate the problematic insurance companies and forced other insurance companies to take over, so there was no insolvency incident. In the late 1990s, the collapse of the Japanese bubble economy led to the collapse of insurance companies, and the solvency of insurance companies gradually attracted the attention of relevant authorities. After the implementation of the new Insurance Law, Japan followed the United States' solvency-centered

supervision of insurance companies and introduced early improvement measures to promote problematic insurance companies to solve problems in a timely manner. In addition, the Japanese government also pays great attention to the contact between insurance agents and customers. Insurance companies do not rely on lowering prices to compete, but constantly improve the quality and service of agents. In Malaysia, the National Bank is gradually become aware of these problems in the insurance industry. In recent years, the National Bank has continuously improved the quality of insurance agents. Kugler and Ofoghi (2005) found bi-directional causality between insurance sector growth and economic development. The influence of insurance development on economy had been highlighted since first conference of United Nation Conference on Trade and Development (UNCTAD) in 1964. The conference acknowledged the importance of a sound national insurance and reinsurance market in promoting economic growth (Wong et. al., 2013).

This study was mainly focused on the factors that influencing life insurance Consumption in Malaysia. According to the National Bank's Financial Stability and Payment System Report 2016, Malaysia's insurance coverage rate is growing year by year, but the Malaysian insurance coverage rate is still low, and there is still a gap to achieve the National Bank's insurance coverage rate of 75% in 2020. In the past, people's awareness of insurance was not very strong. They all felt that life insurance is an optional. People was not believe in insurance as the benefit will only shows when there is something bad happen (Goh, 2015). They are all afraid of death, and they think it is very bad to plan for things after death. Among these cultural contents are the forbidden to think and talk about death, peculiarly premature sudden death. This makes life insurance extremely difficult to grow (Chan, 2004). In addition, many insurance agents brought wrong message or mislead the information to the customer. Usually the unethical insurance agent hide some facts of insurance in

order to improve their own performance target. Some insurance agents also distort the benefits of insurance. In order to get results, they deceive customers to say that there are many benefits in insurance, but when customers suffer from diseases, they find that the insurance they bought does not provide claims.

The main objectives of this study is to analyse the factors that influencing the life insurance consumption. This study is specifically investigating on trust on insurance company, policy features, trust on insurance agent, premium charged and flexibility in premium payment as well as excellent claim settlement towards the life insurance consumption.

LITERATURE REVIEW

Relationship between trust on insurance company and life insurance consumption

Athma.P. et all (2007) and BejonMisrafound thatIndia life insurance corporations (LIC) with decent performance and strong presence in insurance business over a last six decades had earned trust among policyholders. Policyholders trust LIC of India over generations from their personal or family experiences. DeepikaUpadhyaya and Manish Badlani (2011) carried out a study with a view to identify customer satisfaction in retail life insurance in India. They identified that the customers are more satisfied with the pricing factor followed by employee competence, product and service, technology, physical appearances, trust, service delivery, advertising and service management.

Dharmendra Singh (2011) in his study revealed that quick claim settlement, convenient payment system and better complaint remedied are the important factors which influences the policyholders satisfaction.

VikasGautam (2011) in his study on analysing and comparing the service quality perceptions of the customers in public and private insurance companies found that among the five service quality dimensions namely, reliability, responsiveness, tangibility, assurance and empathy, the public sector insurance company,

LIC has high quality perception in reliability, responsiveness, assurance and empathy dimensions compared to private sector whereas in tangibility dimension, the private players has high level of perception compared to LIC.

H₀: There no relationship between trust on insurance company and life insurance consumption

H₁: There is relationship between trust on insurance company and life insurance consumption

Relationship between policy features and life insurance consumption

Kaur et al. (2010) observed that policyholders are more satisfied with the policy features, price, maturity benefits and tax saving contents. Ali and Ray (2008) in their paper made an attempt to identify the gap between available and desired features in terms of existing products and services in life insurance. They conducted a study to find out the general awareness level of various saving and investment instruments and the relative importance of factors that affect the purchase decisions of a customer buying a life insurance product. NaniJaveri (2006) observed that the high return policies and post - sale advisory interactions such as frequent contact, expertise and guidance in financial planning and friendliness increases the policyholder's satisfaction.

H₀: There no relationship between policy features and life insurance consumption

H₁: There is relationship between policy features and life insurance consumption

Relationship between trust on insurance agent and life insurance consumption

Parmjit and Meenakshi (2010) study explores factors which are important determinants of customer satisfaction in case of life insurance customers, to see how much effect the factors have on overall customer satisfaction; and they identified the common grievances of customers with regard to their life insurance policies.

Govind (2009) stated that customer service management is an important area of insurance industry. He observed that today's customer buy his ultimate satisfaction, not the product and it is essential to build trust and create confidence in buyer about the product bought by him. The author also feels that a company's corporate culture should be based on 6's C, which is communication, cooperation, cheerfulness, credibility, challenge and continuity.

Arora (2008) in her thesis attempted to study the perception of customers towards the service quality of five selected life insurance companies and also performed a comparative analysis of the advisory services by the life insurance agents and bank employees selling the life insurance products. Service quality is a factor used to measure how well services actually performed compared to customer expectations (Olsen et al. 1978). However, it is very rare to gain customers who increasingly demand for high service quality from life insurance providers (Sherden 1987), even though the life insurance service providers' attributes are positively related to customers perceived relationship quality (Yen et al. 2012). Customer satisfaction is found to be an important tool to create and maintain loyal customers (Aurand et al. 2004). Loyal customers contribute more to high and repeated purchases (Hui & Law 2003).

H₀: There no relationship between trust on insurance agent and life insurance consumption

H₁: There is relationship between trust on insurance agent and life insurance consumption

Relationship between premium charged and flexibility in premium payment and life insurance consumption

NaliniPravaTripathy (2006) in her study examined the satisfaction level of customers and agents regarding the customer service offered by the company. She founds that majority of the customers are dissatisfied with the services of insurance company due to the non - availability of flexible mode of premium payment, policies offered are not up to their need and lack of

multiple channels like brokers, banc assurance, corporate agents for professional approach towards customers.

DeepikaUpadhyaya and Manish Badlani (2011) carried out a study with a view to identify customer satisfaction in retail life insurance in India. They identified that the customers are more satisfied with the pricing factor followed by employee competence, product and service, technology, physical appearances, trust, service delivery, advertising and service management.

H₀: There no relationship between premium charged and flexibility in premium payment and life insurance consumption

H₁: There is relationship between premium charged and flexibility in premium payment and life insurance consumption

Relationship between efficiency on claim settlement and life insurance consumption

Malhotra (2005) in his survey portrays that plans with low premium, high returns, effective and speedy claim settlement as well as enriched timely services of agents influence the satisfaction level of policyholders. Pillai (2004) in his study

portrayed that customers' awareness on policies and facilities, effective claim settlement and agents' response to the customer needs do influence their level of satisfaction. Dharmendra Singh (2011) in his study revealed that quick claim settlement, convenient payment system and better complaint redressed are the important factors which influences the policyholders' satisfaction.

H₀: There is no relationship between efficiency on claim settlement and life insurance consumption

H₁: There is a relationship between efficiency on claim settlement and life insurance consumption

RESEARCH METHODOLOGY

Primary data was used in this study to ascertain the factors that influence life insurance consumption. In this study, questionnaires will be utilized as information gathering technique. Questionnaires will be distributed in hard copy as well as through social media channels. Before genuine test led, 15 pilot tests have been given to a portion of the respondents. An example size of 300 was assembled in information gathering stage.

Spearman Correlation Test

Correlations

		Average of Life insurance consumption	Trust on insurance company
Average of Life insurance consumption	Pearson Correlation	1	.425**
	Sig. (2-tailed)		.000
	N	80	80
Trust on insurance company	Pearson Correlation	.425**	1
	Sig. (2-tailed)	.000	
	N	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 1: Correlation between trust on insurance company and life insurance consumption

Table 1 shows that the correlation coefficient, r is 0.425, which indicates a moderate positive relationship between trust on insurance company in adopting life insurance consumption. The value of R² for this relationship is 0.1806,

which implies that 18.06% of variability in the consumer trust in adopting life insurance consumption is influenced by trust on insurance company. The p value is <0.05, which indicates a significant relationship.

Correlations

		Average of Life insurance consumption	Policy Features
Average of Life insurance consumption	Pearson Correlation	1	.431**
	Sig. (2-tailed)		.000
	N	80	80
Policy Features	Pearson Correlation	.431**	1
	Sig. (2-tailed)	.000	
	N	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 2: Correlation between policy features and life insurance consumption

Based on table 2, the correlation coefficient, r is 0.431, which indicates a moderate positive relationship between the consumer trust in adopting life insurance consumption and policy features. The value of R² for this relationship is

0.186, which implies that 18.6% of variability in the consumer trust adopting life insurance consumption is influenced by policy features. The p value is <0.05, which indicates a significant relationship.

Correlations

		Average of Life insurance consumption	Trust on insurance agent
Average of Life insurance consumption	Pearson Correlation	1	.533**
	Sig. (2-tailed)		.000
	N	80	80
Trust on insurance agent	Pearson Correlation	.533**	1
	Sig. (2-tailed)	.000	
	N	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 3: Correlation between trust on insurance agent and life insurance consumption

The correlation coefficient, r in table 3 is 0.533, which indicates a moderate positive relationship between life insurance consumption and trust on insurance agent. The value of R² for this relationship is 0.2841, which implies that

28.41% of variability in the consumer trust in adopting life insurance consumption is influence by trust on insurance agent. The p value is <0.05, which indicates a significant relationship.

Correlations

		Average of Life insurance consumption	Premium charged and flexibility in premium payment
Average of Life insurance consumption	Pearson Correlation	1	.268*
	Sig. (2-tailed)		.016
	N	80	80
Premium charged and flexibility in premium payment	Pearson Correlation	.268*	1
	Sig. (2-tailed)	.016	
	N	80	80

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4: Correlation between premium charged and flexibility in premium payment and life insurance consumption

The correlation coefficient, r is 0.268, which indicates a moderate positive relationship between life insurance consumption and premium charged and flexibility in premium payment. The value of R² for this relationship is 0.0718, which

implies that 7.18% of variability in the consumer trust in purchasing life insurance is influenced by premium charged and flexibility in premium payment. The p value is <0.05, which indicates a significant relationship.

Correlations

		Average of Life insurance consumption	Excellent claim settlement
Average of Life insurance consumption	Pearson Correlation	1	.397**
	Sig. (2-tailed)		.000
	N	80	80
Excellent claim settlement	Pearson Correlation	.397**	1
	Sig. (2-tailed)	.000	
	N	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 5: Correlation between excellent claim settlement and life insurance consumption

The correlation coefficient, r is 0.397, which indicates a moderate positive relationship between life insurance consumption and excellent claim settlement. The value of R^2 for this relationship is 0.1576, which implies that 15.76% of variability

in the consumer trust in purchasing life insurance is influenced by premium charged and flexibility in premium payment. The p value is <0.05 , which indicates a significant relationship.

Multiple regression

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.619 ^a	.383	.350	1.87879	1.741

a. Predictors: (Constant), Premium charged and flexibility in premium payment, Trust on insurance company, Trust on insurance agent, Policy Features
b. Dependent Variable: Average of Life insurance consumption

Table 6: Multiple Regression Result

The table 6 shows the multiple linear regression model summary and overall fit statistics. We find that the adjusted R^2 of our model is 0.350 with the $R^2 = 0.383$. This means that the model explains 38.3% of the variance in

the data. The Durbin-Watson $d = 1.741$ which is between the two critical values of $1.5 < d < 2.5$. Therefore, from this multiple linear regression data we suppose that there is no first order linear auto-correlation.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	4.660	2.026		2.299	.024					
	Trust on insurance company	.221	.077	.281	2.878	.005	.425	.315	.261	.865	1.155
	Policy Features	.143	.109	.151	1.310	.194	.431	.150	.119	.623	1.604
	Trust on insurance agent	.270	.075	.392	3.579	.001	.533	.382	.325	.684	1.461
	Premium charged and flexibility in premium payment	-.034	.094	-.038	-3.62	.718	.268	-.042	-.033	.735	1.360

a. Dependent Variable: Average of Life insurance consumption

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	11.450	1.408		8.132	.000					
	Excellent claim settlement	.317	.083	.397	3.821	.000	.397	.397	.397	1.000	1.000

a. Dependent Variable: Average of Life insurance consumption

Table 7: Coefficients

The information in the table 7 above also allows to check for multicollinearity in our multiple linear regression model. Tolerance should be more than 0.1 for all variables, which they are all above 0.1. The tolerance for the variable trust on insurance company is 0.865 and for the policy features variable is 0.623. The tolerance for the trust on insurance agent is 0.684 and 0.735 for the premium charged and flexibility in premium payment variable. Lastly, the tolerance for the variable excellent claim settlement is 1.000. The VIF all are less than 10 which means there is no multicollinearity in this model.

RESEARCH FINDINGS

Relationship between trust on insurance company and life insurance consumption

This research found that there is a significant relationship between the trust on insurance company and the consumption of life insurance in which the p-value shows the in the multiple linear regression test is 0.005 which is smaller than 0.05 (refer to table 7). The result means the trust on insurance company is affecting the individual consumption of life insurance.

Athma.P.et all (2007) and BejonMisrasupported this finding as policyholders trust life insurance corporation of India since e, it will be convenient to analyse and organize yourself at the time of purchase.

Relationship between policy features and life insurance consumption

Based on table 7, there is no significant relationship between the policy featuresand the consumption of life insurance which the p-value shows the in the Multiple Linear Regression is 0.194which is greater than 0.05. The result shows that the policy featuresis not affecting the individual consumption of life insurance.

However, Ali and Ray (2008) in their paper made an attempt to identify the gap between available and desired features in terms of existing products and services in life insurance. Many insurance companies now offer competitive insurance and are more attractive to consumers. As insurance products become more and more popular, people's insurance awareness is getting

many generations acceded from their personal or family experiences. This shows that the role played by insurance companies is very important.They were more confidence in the insurance company recommended by friends, compared to strangers.

In this study, many respondents thought they would choose to insure a large insurance company. Large insurance companies may also operate various insurances such as life insurance, critical illness insurance, saving insurance, general insurance. Small insurance companies may operate some of these types of insurance only. So in terms of convenience, big insurance companies will be much better at this point. With a small insurance company, you may need to purchase insurance from several insurance companies to cover all aspects of your family.

The business outlets of large insurance companies may be spread all over the country, while the service level and workflow are more standardized. However, many small insurance companies may only cover some provincial capitals and municipalities, which is relatively complicated for claims and after-sales.The various insurances of large insurance companies, due to the large number of people buying, will be relatively complete and rich in information such as terms, points of attention, and experience. Henc

higher and higher, and old insurance products can no longer meet the needs of modern people. Therefore, many people pay attention to the details of insurance before purchasing insurance. The contradict result of this study may be due to smaller sample size used compared to past researchers.

Relationship between trust on insurance agentand life insurance consumption

This research found that there is a significant relationship between the trust on insurance agent and the consumption of life insurance. The p-value (0.001) shows in table 7 indicated that the trust on insurance agent is affecting the individual consumption of life insurance.

Service quality is a factor used to measure how well services actually performed compared to

customer expectations (Olsen et al. 1978). However, it is very rare to gain customers who increasingly demand high service quality from life insurance providers (Sherden 1987), even though the life insurance service providers' attributes are positively related to customers perceived relationship quality (Yen et al. 2012). Customer satisfaction is found to be an important tool to create and maintain loyal customers (Aurand et al. 2004). Loyal customers contribute more to high and repeated purchases (Hui & Law 2003).

Insurance agents are the assembly point for all insurance company products. Their service is to provide professional and objective advice, which is impossible for insurance companies per se to do on its own. The insurance agent, according to the needs of customers, recommends the appropriate products that are most suitable for them, and builds the brand with professional services. Compared with the personal marketing team of insurance companies, multi-agent is the advantage of professional insurance agents. The insurance agents bring together the superior products of various insurance companies, making it easy for customers to purchase insurance products on a wider scale. Insurance agents have a wide range of business, from life insurance, medical insurance, property insurance to vehicle insurance. Therefore, as long as you find an insurance agent, you can give them the insurance items you need. This one-stop service saves customers time, effort and money.

In the claim phase, the insurance agent stands on the intermediary side. For the development of the business, the most important consideration is the customer's interests and satisfaction, which is inclined to the customer. The insurance company's business personnel first consider the interests of the company and are inclined to the insurance company. The insurance agent plays the role of supervision, supervision and impartiality in the claims phase. In the event of unfair claims, the insurance agent can find the relevant terms and evidence on behalf of the client and act on behalf of the client to file a lawsuit with the court.

Although there have been many cases in which insurance agents have deceived customers in Malaysia, many people have lost confidence in insurance products, but despite this, many people hope to get advice from insurance agents when they buy insurance. Many people want to buy insurance to protect themselves and their families, so they still need professional advice. Choosing good insurance agents is their priority, because good insurance agents can solve customer problems, and they also want insurance agents to solve problems for them, such as claims.

Relationship between premium charged and flexibility in premium payment and life insurance consumption

As indicated in table 7, there is a significant relationship between the premium charged and flexibility in premium payment and the consumption of life insurance which the p-value shows the in the multiple linear regression testing is 0.718 which is greater than 0.05. The result bringing the meaning of the premium charged and flexibility in premium payment is not affecting the individual consumption of life insurance. This result contradicts to past researchers and answers received from the questionnaires.

NaliniPravaTripathy (2006) in her study to examine the satisfaction level of customers and agents regarding the customer service offered by the company. She finds that majority of the customers are dissatisfied with the services of insurance company due to the non - availability of flexible mode of premium payment. From the above research, the scalability of premiums has a great impact on customers' choice to purchase insurance. Customers want to pay premiums in the most convenient way, such as by credit card, bank transfer, and automatic debit. Previously, when customers had to pay premiums, they needed to pay insurance premiums to the insurance company or write a check to the insurance agent, who would pay the premium on behalf of the customer. Such payment methods have also caused a lot of problems. For example, the insurance agent has received the customer's premium but has not repaid the premium for them, taking the premium as their own. Therefore, after many customers

received a letter from the insurance company to inform them that the insurance had been lapsed, they realized that their insurance agents did not repay the premium for them, and the insurance agent could not be contacted anymore. Not only that, manual paying premiums tends to make customers forget on the payment and still cause insurance to be surrendered. Therefore, many people will consider the repayment method and flexibility of insurance before purchasing insurance.

In addition, through the questionnaire, respondents were more prefer the short payment term policy instead of whole life policy. This is because many people donot want premiums to be their burden, so they hope to pay off their premiums in the short period of time. In recent years, many insurance companies have introduced short payment term insurance, with five years payment term, ten years payment term, and etc., to attract more customers to purchase insurance.

Relationship between efficiency on claim settlement and life insurance consumption

This research found that there is a significant relationship between efficiency on claim settlement and the consumption of life insurance which the p-value shows in table 7 is 0.000 which is smaller than 0.05. The result indicated that the efficiency on claim settlement is affecting the individual consumption of life insurance.

Dharmendra Singh (2011) in his study revealed that quick claim settlement, convenient payment system and better complaint remedies are the important factors which influences the policyholders' satisfaction. Claims are the last link before the end of the insurance contract, so it is also the focus of the problems accumulated in the previous period. The unreasonable product design terms and the inadequacy of the agent's explanations all lead to failure in claim settlement according to the customer's expectations after the insurance. Therefore, as the ratio of claims increases, the importance of claims becomes more and more prominent. If the satisfaction of claims is not effectively improved, the contradictions will intensify. Controversy over the definition of major

illnesses in the past major illnesses and the preservation of life and death is also derived from this.

From the perspective of long-term development, claims are an important part of realizing the value of life insurance; life insurance companies should plan ahead and study effective measures to improve the satisfaction of claims. Claims are a period of high frequency of interaction between consumers and life insurance companies. Since consumers in the claims phase are generally experiencing a crisis, if life insurance companies can help and let consumers feel the value of life insurance services, they can become a "surprise" factor and greatly increase consumer satisfaction with the company.

Obviously, when the crisis comes, consumers must hope to get insurance compensation in time to resist risks and enhance their sense of security. However, the current situation is that many life insurance companies, after a programmatic and standardized investigation and evidence collection, and then compensate, consumers cannot feel the protection of insurance. At this time, or the crisis has been resolved, the role of compensation is not obvious; or because the failure to get compensation in time has caused the deepening of the crisis, and even irreparable, the compensation for "late" has not helped. The survey data showed that life insurance companies have been slow to respond to claims, and they are unable to reach a tacit understanding with consumers in a timely manner, which has greatly affected consumers' satisfaction and loyalty to the life insurance industry.

Insurers effectively control risks in the claims section and prevent fraudulent activities, which is a concentrated expression of the company's professional capabilities and norms. Controlling risk can reduce customer experience if the procedures are cumbersome, the approval is complicated, and the waiting time is long. Standing on the customer's standpoint, effectively discovering and refusing to swindle a customer, may result in a decrease in the satisfaction and trustworthy. Since the claims section is more

about the review of documents, not on the scene, it is not really effective to prevent risks.

RECOMMENDATION AND CONCLUSION

The study assessed the determinants of life insurance spending in the Malaysian market and found that the variables that mostly influence the determinants are trust on insurance company, trust on insurance agent, and efficiency on claim settlement. The other two variables which are policy features and premium charged and flexibility in premium payment do not influence the life insurance consumption.

Most studies have found that trust on insurance agent is one of the important variables affecting life insurance consumption. This is because the respondents to the study they do not have an insurance background and they do not have depth understanding of the importance of insurance. When they intend to purchasing life insurance, they hope they can get professional advice from the insurance agent. This is one of the main reasons why life insurance Malaysia market penetration still low. Therefore, this may be a useful indicator for the policy makers and insurance companies in promoting the insurance market in Malaysia, Life Insurance Company and Insurance Association Malaysia should enhance insurance agent's quality and make sure they do not misleading the customer when propose a plan. This recommendation is different from other studies because usually other researchers do not focus on variables that are not important when interpreting the research model.

In addition, the impact of raising public awareness of the importance of insurance is discussed in this study. This will be the main suggestion to the policy makers and insurance companies to increase the penetration rate of insurance and reach the National Bank's insurance coverage rate of 75% by 2020.

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