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REASONS FOR MALAYSIAN LIFE INSURANCE PENETRATION

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ABSTRACT

A low rate of insurance market penetration indicates a slower rate of economic expansion. Malaysia's life insurance penetration rate over the previous five years of 2020 was only 54 percent, which was low compared to other Asian countries. Malaysians will be exposed to more financial risk if the country's life insurance coverage rate is unfavourable. Based on the observation, people are always skeptical when talking about topics that are related to insurance. Most of the public have negative thoughts about insurance. Most people nowadays think that insurance is fraud either in terms of purchasing insurance or becoming an insurance agent. This is because they do not have enough knowledge about insurance as a whole. Therefore, based on the statement above, the objective of this study is to know the factors that may lead to the low penetration of life insurance in Malaysia. Service quality, awareness, and age are the factors related to the low penetration of life insurance. All the data were analysed by collecting the primary data with a questionnaire. The researchers distributed the questionnaire to the sample of 150 respondents in Temerloh, Pahang, Malaysia. The data collected were analysed using SPSS to come up with the research result. In this research, it was found that service quality, awareness and age are significant with low penetration of life insurance in Malaysia.

Keywords: life insurance, market penetration, service quality, awareness, age.

1. INTRODUCTION

People typically want security and the assurance that life will go on as one of their primary demands in human existence. The insurance products have the appeal to offer protection against the dangers of unanticipated occasions like accidents, serious illnesses, or unexpected death in this situation. People might use insurance as an option to safeguard themselves against the risk of losing their belongings. The risk of death and property damage can be reduced or shifted with the help of insurance. The practice of insurance has been in existence since the dawn of time because it is crucial to the economy and society due to the premiums it collects, the size of its investments on a global and regional scale, and most importantly, the crucial part it plays in covering individual and corporate risks (OECD, 2021).

Based on the Life Insurance Association of Malaysia (LIAM) in Malaysia, the local insurance marketplace is separated into two parts namely life insurance and general insurance. Life insurance serves to protect the insured family members, creditors, and other parties

from losing their ability to earn in the case of death or serious injury. While general insurance, which is divided into many different forms, aims to safeguard those who are insured against losses due to partial or total loss of the covered property. It also covers losses resulting from damage to that property. Among the various insurance products, life insurance policies have become of special focus and interest due to the pandemic outbreak of COVID-19 (Descombes, 2021) and it is studied in this research. A financial product called life insurance has been used on a global scale. Whenever situations are not favourable, it serves the purpose of protecting one individual's wealth or the main source of income for the family (Budin et al., 2020). However, a lot of people continue refusing it and hesitate to purchase it even when they afford the chance. This is because insurance is somewhat a complicated product for them. Globally, including in Malaysia, it is difficult to achieve the full rate of life insurance penetration.

1.1 Problem Statement

According to Kamel (2020), the percentage of several Life Insurance Policies owned by Malaysian in the year 2020 for Malaysians is unfavourable and approximately one-third of Malaysians are covered with it. The penetration rate for 2020 during the previous five years was barely 54%. A total of 13.54 million Malaysians have insufficient life insurance, while 32.70 million Malaysians do not have any at all. It has significant potential for economic gain of the sector. For market opportunity, there are still 26.28 million Malaysians in this sector. Life Insurance Association Malaysia (LIAM) believes by the end of 2020, the life insurance sector in Malaysia is expected to have an overall penetration rate of 75%. However, the goal was unsuccessful based on past statistics. Now, Malaysia's sum assured per capita is still quite low, which results in underinsurance of life insurance in this country. Overall, life insurance density and penetration rate are generally lower in developing economies such as Malaysia compared to developed Asian nations.

The demand for life insurance is still not encouraged in Malaysia. In consideration of these issues, the researcher has investigated the causes and factors that have influenced Malaysians' penetration of life insurance. Based on the Life Insurance Association of Malaysia (LIAM), some people believe that because they are single and do not have any dependents, they do not require life insurance. The younger generation, those under 30 years old, is more interested in spending money on lifestyle items. Therefore, insurance is not seen as necessary to them. Other than that, it has been recognized that some of the main reasons for the low penetration of life insurance is due to the shortage of understanding of its advantages and a lack of awareness of life insurance, especially among suburban and rural areas, which has contributed to a low insurance penetration rate. In addition, further complaints have made about the behaviour of the agents. The low penetration of life insurance in Malaysia is a result of complaints such as delays in remitting premiums received from policy owners to insurers, misrepresentation of policy benefits and terms and conditions, failure of agents to clearly explain the benefits of the product sold and detail on the terms and conditions of the policy, and pressure selling tactics to customers in purchasing policies that are unsuitable to their particular requirements. The objective of this study is to identify the factors that lead to the low penetration rate of life insurance in Malaysia. The independent variables identified are service quality, awareness and age.

1.2 Research Hypothesis

Despite the current growth in life insurance product, this study intends to assess the following hypothesis in view of the previous literature:

H1. There is a relationship between service quality and life insurance penetration

Service quality depends to a large extent on the information-gathering and processing activities of the agents (Eckardt & Doppner, 2010). The quality of the agent's service and the strength of the relationship with the customer play a major role in customer purchasing of life insurance products.

H2. There is a relationship between awareness and life insurance penetration

According to Sang, Mohidin and Budin (2020), based on the afore mentioned facts, the expansion of the nation's life insurance and family takaful sectors is overall good. However, such data should not be the only criterion employed as the BNM targets family takaful and life insurance penetration rates of 75% by 2020, but as of 2017, Malaysia's penetration rate was only at 56%.

H3. There is relationship between age and life insurance penetration

The insurer's level of age significantly influences the insurance purchasing policy. Estevez (2021) demonstrated that the insurance premium is charged according to the time of purchase and duration of the insurance policy. This condition explains that the insurance premium will increase by about 8%-10% for every year of age. Thus, it is more expensive to purchase insurance when people get older.

2. LITERATURE REVIEW

2.1 Low Penetration of Life Insurance

The demand for life insurance has grown as a result of the present COVID-19 environment because of the need for security and protection of human life and health. The health insurance sector has been recognized as one of the main economic drivers, playing a critical role in mitigating personal and commercial risks in the event of unforeseen circumstances. However, the penetration rates of Family Takaful and Life Insurance in Malaysia at 54% and 19%, respectively, are well below the 75% objective set by Bank Negara Malaysia (BNM) in 2017. The penetration rate is measured as the ratio of premiums underwritten in a particular year to the GDP (Malaysia Takaful Dynamics, 2015). Over the past decade, as the general public becomes more educated and mindful of the importance of insurance, the amount of per capita insurance expenditure in Malaysia has improved by 128% from RM338 in 2000 to RM771 in 2010. According to Swiss Re's (2020)

statistics, developed market insurance penetration rates have suffered from persistent issues over the past ten years and have generally performed badly when compared to developed nations.

Health insurance literacy refers to a person's capacity, knowledge, and assurance in evaluating accurate information about a healthcare plan as well as their ability to choose the best plan based on their financial and physical well-being (Quincy, 2012; Williams et al., 2021). The likelihood of actually buying health insurance is considerably positively correlated to doing so (Al Mamun et al., 2021). The insurance sector must make significant investments in analytics, digital, AI, and robotics since everyone is using smartphones. Thus, there is a huge opportunity to invest in technology in order to reach every person in both rural and urban areas, which then increases insurance penetration over the worldwide average (Radhika & Satuluri, 2019).

Every government should prioritize boosting insurance activity while also ensuring insurance penetration and density via a study on the factors that contribute to its growth (Hristova, 2022). According to Cytonn Investments (2015) and IRA (2015), the expansion of the service offering, favourable demographics, various distribution channels, innovation, and a strong regulatory framework and industry-specific compliance requirements are the major factors for the development of insurance sector (Barasa, 2016). Some economists support the idea of an efficient market and contend that competition will often result in the best positive social effects (Damtew & Muraguri, 2021). The study found that using government subsidies, providing policy incentives, evaluating rules, and ensuring adherence to regulatory criteria will result in the supply of competitive insurance solutions and market trust that is necessary for better insurance penetration rates (Damtew & Muraguri, 2021).

Previous studies have found various factors that contribute towards insurance penetration in several regions and countries like India, Kenya, Bulgaria, etc. As such, this research investigates the factors that contribute towards the low rate of life insurance penetration, focusing on service quality, income level, knowledge, awareness, and age.

2.2 Service Quality

Consumer expectations and perceptions are compared to determine service quality (Bungatang, 2021) and as a starting point for assessing service quality, it considers the customer's expectations. Service quality is defined as "focusing on meeting the wants and needs of the customer and how good the service

delivered meets the customers' expectations" (Paposa, Ukinkar & Paposa, 2019).

As consumers purchase items, they can evaluate the quality of the products by looking at several factors like design, durability, colour, feel, packaging, and so on. According to Siddique and Sharma (2010), service quality is measured based on six dimensions, namely assurance, competence, personalized financial planning, corporate image, tangibles and technology dimensions. It was found that the prior areas of service are assurance, competence, followed by personalized financial planning.

Service is an intangible component that is considerably more difficult to judge than products. Quality serves as the primary differentiator for both products and services. However, because services have so many diverse features and cannot be touched, clients find it difficult to evaluate the latter or handled like a product, but only dependent on the attitudes of the parties involved in the service transaction (staff and consumer) (Saha, 2019). How effectively the service given meets the customer's expectations is a measure of service quality.

According to Limna and Kraiwanit (2022), Khan and Fasih (2014), and Naeem et al. (2009), service quality has a significant impact on customer satisfaction, financial performance, customer retention, customer loyalty, and the effectiveness of marketing strategies. By focusing on service quality, firms may increase customer happiness, service quality, and maintain a competitive edge (Limna & Kraiwanit, 2022; Karim & Chowdhury, 2014; Wijetunge, 2016). Therefore, it is crucial to take service quality into account.

Since insurance is a service that is intangible, quality can be assessed according to the following parameters, namely tangibility, reliability, responsiveness, empathy, safety and technology (Paposa, Ukinkar & Paposa, 2019; Siddiqui & Sharma, 2010; Parasuraman et al., 1985). Tangibility refers to physical proof of the services being supplied that comprise a variety of aspects such as physical building, equipment, people, and materials. Reliability is the consistency in performance and trustworthiness that covers the elements like upholding commitments, addressing customer problems, providing service from the start, maintaining error-free records, and providing service on schedule. Responsiveness is employees' eagerness or preparedness to provide services that specifies the timeliness of the services provided and comprises aspects such as correctness, promptness, helpfulness, and speedy reaction. Safety refers to employees' courteousness, as well as their capacity to instill

trust in clients that encompasses aspects such as secrecy, safety, politeness, and knowledge. Empathy refers to the compassionate and personalized attention offered to clients in which the company has the ability to listen and comprehend the demands of its consumers and provide individual attention, accessible operation hours, personalized services, customer centricity, and customer need analysis. Technology includes the collection of different techniques, methods, and procedures employed in the provision of services.

2.3 Awareness

In Malaysia, 16 family life insurance and takaful firms are now in operation, according to the Life Insurance Association of Malaysia (LIAM, 2018) as of January 2020.

Knowledge is the result of one person's learning process. According to Aramiko, Zuhri and Yanti (2021), and Wulandari and Suyanto (2014), knowledge can be influenced by many factors which may come internally and externally that is available from the perspective of facilities and socio-cultural conditions. Meanwhile, the author also added awareness which is the individual's degree of vigilance on internal or external incentives of the surrounding situations (Aramiko, Zuhri & Yanti, 2021; Solso, 2007).

Most of the business's objective is to increase its sales as well as profits. The company will try to encourage customers towards its products and services for purchase and customer lifetime value which means stream of purchases over the lifetime period. Brand awareness means how to create interest of the current and potential customers towards the products and services (Gustafson & Chabot, 2007). The number of studies that investigated the understanding of insurance and takaful awareness is, however, limited (Salman, Rashid & Hassan, 2017).

Brand consideration is a must while deciding to purchase a product or service, because if there is nothing to be considered, the probability is that there is nothing to be chosen (Baker & Nedungadi, 1986). In India, a study showed that non-Muslim insurance policyholders are unaware that the insurance industry is subject to interest, uncertainty, and gambling. The same goes for Muslim policyholders, and most non-Muslims do not believe that insurance practices should be outlawed due to their respective faiths (Salman, Rashid & Hassan, 2017).

Insurance is the unique and most important financial instrument used to cover the risk in society. Therefore, insurance plays an important element in the sustainable growth of the economy. Despite the importance of insurance, unfortunately, insurance products are still not

used widely. A study commissioned by the Life Insurance Association of Malaysia in 2013 investigated on people who have purchased life insurance which uncovered several important findings.

A greater understanding of the importance and advantages of having a life insurance policy for a family will promote its use in the community. However, the less favourable figures from BNM and LIAM on Malaysian citizenship in life policies, particularly those of the B40, may be seen as a sign that people's understanding of the value of life insurance or family takaful is still at a low level (Sang, Mohidin & Budin, 2020).

An individual will rely on their knowledge about the product, both inside and out, while making a purchase that they may then select the item that will benefit them and make the proper purchase (Keat, Zakaria & Mohdali, 2020). Product knowledge refers to a person's level of comprehension and awareness of facts about a product, such as its brand, quality, or price (Keat, Zakaria & Mohdali, 2020).

2.4 Age

Awareness can be defined in many ways. Nowadays people are required to have serious concerns about issues like health conditions, the environment, social life support and financial protection. An accident can happen as simply as we drive out to get some take-out food or when we are walking down the stairs at anytime and anywhere. It can happen to anybody regardless of age and health condition. Therefore, it is important to keep in mind to avoid the misconception that young and healthy people do not require financial protection when it comes to their health. More evidence has shown that health condition does not discriminate against people based on their age or personal background as negative condition can happen to everyone. Poan, Merizka and Komalasari (2021) believed that insurance is one of the social protection tools to minimize life risks which provides a shield against unforeseen circumstances and danger that can occur to anybody.

Apparently, Malaysia Medical and Health Insurance (MHI) started in the early 1970s with the major industry players being foreign-based insurers such as American International Assurance, AETNA, AIA Prudential and many more insurance providers (Rahman & Daud, 2010). Realizing the importance of having protection, the life insurance and family takaful sector is one of the major components of the current Malaysian financial market. Insurance protection is recognized as one of the personal commitments which should be listed as a priority for future protection. The government and non-

government institutions are now progressively providing information to increase public awareness of personal protection insurance. The Inland Revenue Board of Malaysia (Lembaga Hasil Dalam Negeri) through National Strategy for Financial Literacy 2019-2023 reported that one-third of people in Malaysia have limited personal financial knowledge and up to 92% of these people possess deposit products and are less likely to add high-risk investment products into their financial portfolio. This situation includes their preparation for unexpected life events, in which a staggering 52% of them find it hard to raise even RM1,000 as an emergency fund while only 24% have adequate funds to sustain their living expenses for 3 months or a longer time.

More importantly, the result also disclosed that less than 20% of the people have sufficient life insurance to protect them from any unexpected event or incident (Goh, 2022). On the other hand, data retrieved from the Life Insurance Association of Malaysia (LIAM, 2018) published that there are 16 family life insurance and takaful companies operating in Malaysia as of this writing. Lim, Mohidin and Budin (2020) also agreed that less than half of Malaysians are covered by life insurance or family takaful to protect themselves against the risk.

Despite the importance of having life insurance protection, there are some factors which contribute to people's commitment towards this. The factors include the level of income, education level, age, gender, number of dependents, existing policy's basic sum assured and level of personal debt (Min, 2008). Recognized by Affordable Care Act (ACA), it requires the insurer to cover any individual who intends to enroll and control the insurer on how they rated the premium according to the individual characteristic or background. This situation explains that insurers are not allowed to rate the premium according to varying health status and different gender. Premiums rated according to age are restricted to a proportion of three to one (which means the premiums for 64 years old is three times the premium for 21 years old).

Meanwhile, Lim and Tan (2019) stated that people in the age group of 20-29 years old have a lower likelihood to own life insurance as compared to the respondents in the age group of 30-39 years old and above. In addition, Abdul-Fatawu, AI Logubayom, and Abonongo (2019) found that age is statistically insignificant as it was found to be positively related to the demand for life insurance. Thus, this situation explains that as age increases, the demand for life insurance increases. This may be attributed to the need for individuals as they age to meet their

basic needs and that of their dependents like shelter, higher education and saving for retirement purposes. Considering the age factor, Nidhiagrawal and Agrawal (2017), and Yadav and Tiwari (2012) emphasize that customers' decision regarding the purchase of life insurance is affected by many factors including gender, age and income of individuals which have a significant impact on buying decision of life insurance policies.

3. RESEARCH METHODOLOGY

The collection of quantitative data was part of this investigation. Primary data and secondary data were the two categories of data sources that the researchers concentrate on. Based on the preliminary data obtained from the sample's self-administered questionnaire, the primary data were acquired. Additionally, to assist this study, the researchers also consulted secondary data from sources including articles, the internet, and journals. The questionnaire was distributed at random to 150 respondents in Temerloh, Pahang, Malaysia to study the factors that influence the low penetration of life insurance, and all the responses were considered for analysis. The questionnaire for this study was divided into three sections: Section A is on demographics (gender, age, income, occupation, and marital status), Section B is on life insurance penetration, which is the research's dependent variable adopted from Case Study by Life Insurance Association of Malaysia & Universiti Kebangsaan Malaysia (2013), while Section C is on independent variables, including service quality (adopted from Singh, Sirohi & Chaudhary, 2014), awareness (developed by researchers), and age (adopted from Liebenberg, Carson & Hoyt, 2010; Savvides 2006). For gender, occupation, and marital status in Section A, the nominal scale was utilized, while the ordinal scale was used for age and income. In addition, the 5-point Likert scale was applied in Sections B and C. Non-probability sampling, often known as convenience sampling, was used for this study. The population's components do not have any probabilities associated with them being selected as sample subjects in a non-probability sampling method (Sekaran & Bougie, 2011). Because the information was gathered from respondents who were willing to participate and not yet covered by insurance, the researchers employed convenience sampling.

The list of respondents in Malaysia serves as the sample frame for this study. As a result, to accurately represent the size of the population, at least 150 respondents were recruited for this study. Altunışık et al. (2004) suggested that sample size greater than 30 and lower than 500

is suitable for the majority of the study. The Statistical Package for Social Science (SPSS) software version 26 was used to analyse all of the data gathered.

4. FINDING AND ANALYSIS

4.1 Demographic Respondents

About 54.7% of the respondents were men, and 45.3% were women, making men the majority in terms of gender. In contrast, the respondents between the ages of 26 and 35 contributed the most (33.3%), followed by those between the ages of 36 and 45 (30%), the respondents under the age of 25, the respondents between the ages of 46 and 55 (9.3%), and the respondents over the age of 56 (2.0%). There were 150 respondents in total. In terms of occupation, the non-government sector accounted for 45.3% of all respondents. Then, 40.0% of the respondents worked in the public sector, 11.3% were self-employed, and 3.3% were pensioners. Last but not least, a majority of the respondents (34.0%) have incomes between RM 1001 and RM 2000. The respondents with incomes between RM 2001 and RM 3000 came in second with 31.3%. Secondly, only 2.7% of all respondents made more than RM 4001. However, 8.0% of respondents had an income of between RM 3001 and RM 4000.

4.2 Reliability Test

The dependability statistics for all dependent and independent variables are displayed in Table 1. In terms of internal consistency and stability of each questionnaire item, the reliability statistics for the life insurance penetration, service quality, awareness and age were 0.841, 0.812, 0.789 and 0.702 respectively. All the values were good. Therefore, it can be said that the survey items were reliable and consistent in all circumstances. It can also be said that the survey items are reliable and consistent in all circumstances.

Table 1: Reliability Statistics of Variables

4.3 Descriptive Analysis

Table 2 displays the descriptive statistics for all independent variables. To further clarify, age has the greatest mean value (4.36), followed by awareness (4.20). Service quality, with a mean score of 4.16, has the lowest overall score.

Variables	Mean	Rank
Service Quality	4.16	3
Awareness	4.20	2
Age	4.36	1

Table 2: Descriptive Statistics for Independent Variables

4.4 Correlation Analysis

The Pearson-product moment correlation coefficient was used to analyse the relationship between the independent and dependent variables. Table 3 can be used to establish how strong the association is. Firstly, the data showed a significant positive correlation between service quality and low life insurance penetration ($r = 0.927$, $p < 0.01$), with bad service quality being linked to low insurance penetration. Next, there was a significant positive association ($r = 0.775$, $p < 0.01$) between awareness and low life insurance penetration, with low awareness being related to low life insurance penetration. Finally, there was a significant positive connection between age and low life insurance penetration ($r = 0.749$, $p < 0.01$). Age correlated with low life insurance penetration.

Variables		D V	IV1	IV2	IV3
Low Life Insurance Penetration	Pearson Correlation	1	.927**	.775**	.749**
	Sig. (2-tailed)		.000	.000	.000
	N	150	150	150	150
Service Quality	Pearson Correlation	.927**	1	.690**	.872**
	Sig. (2-tailed)	.000		.000	.000
	N	150	150	150	150
Awareness	Pearson Correlation	.775**	.690**	1	.559**
	Sig. (2-tailed)	.000	.000		.000
	N	150	150	150	150
Age	Pearson Correlation	.749**	.872**	.559**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	150	150	150	150

Variables	No of Items	Cronbach's Alpha	Strength
Life Insurance Penetration	5	0.841	Good
Service Quality	5	0.812	Good
Awareness	5	0.789	Good
Age	5	0.702	Good

Table 3: Correlation Analysis

4.5 Multiple Regression Analysis

4.5.1 Model Summary of R-Square

According to Table 4, the value of R² is good, which means the independent variables can account for 90.4% of the variation in the characteristics that may contribute to poor life insurance penetration and only 9.6% of the variation is unaccounted for. As a result, other factors that are not listed in the factors may account for 9.6% of the variables.

Model	R	R Square	Adjusted R Square	Std Error of the Estimation
1	.951 ^a	.904	.902	.11596

Table 4: Model Summary

4.5.2 Anova

Table 5 depicts the F-statistic, P-value = 0.00, which is less than alpha value = 0.05. It means that all variables are significant.

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	18.459	4	4.615	343.173	.000 ^a
1 Residual	1.950	145	.013		
Total	20.409	149			

Table 5: ANOVA

4.5.3 Regression Coefficient

The default indicator for regression analysis at the 95% confidence level is shown in Table 6. If the P-value is less than 0.05, it is deemed as significant; if it is greater than 0.05, it is deemed as not significant.

P-value Sig	Result
Less than 0.05 (<0.05)	Significant
More than 0.05 (>0.05)	Not significant

Table 6: Rule of Thumb of Regression Analysis at 95%

Based on the result in Table 7, the regression for the hypotheses that analyse the low penetration of life insurance can be derived as below:

$$Y = \text{Constant} + Bx_1 + Bx_2 - Bx_3$$

$$= 0.453 + 1.069x_1 + 0.232x_2 - 0.270x_3$$

Where Y = Low life insurance penetration

X1 = Service Quality

X2 = Awareness

X3 = Age default indicator for regression

According to Table 7 and the established equation, any 1-unit increase in the independent variables of service quality resulted in 1.069 units of improvement and 0.232 units of awareness. On the other hand, the age-independent variable decreased by 0.270 units.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	.453	.177		2.553	.012
Service Quality	1.069	.121	1.026	8.814	.000
Awareness	.232	.042	.225	5.565	.000
Age	-.270	.070	-.205	-3.876	.000

Table 7: Coefficients

4.6 Summary of Hypothesis Testing

Age, service quality, awareness are three significant independent factors which show that the result is consistent with or supported by other research. Researchers have summarized the findings of their regression study .

Based on Table 8, H1, H2, and H3 are the three hypotheses that can be accepted following the multiple regression analysis. Additionally, for Hypothesis 1, it can be asserted that low penetration of life insurance is caused by an insurance company's unsatisfactory service quality, showing that service quality is a predictor of the factor. In addition, it can be deduced from Hypothesis 2 that low life insurance penetration is caused by respondents' ignorance and lack of awareness. It suggests that life insurance awareness plays a significant role in the penetration of the market. Nevertheless, for Hypothesis 3, it can be concluded age does not affect respondents to buy life insurance premiums as referred to the P- value = 0.000.

Hypothesis	Result	Decision
H1: There is a relationship between service quality and life insurance penetration.	$p = 0.000 (p < 0.05)$	Accepted
H2: There is a relationship between awareness and life insurance penetration.	$p = 0.000 (p < 0.05)$	Accepted
H3: There is a relationship between age and life insurance penetration.	$p = 0.000 (p < 0.05)$	Accepted

Table 8: Summary of Hypothesis Testing

5. DISCUSSION AND RECOMMENDATION

Over the years, the individual life insurance industry has experienced a slow growth in the face of economic headwinds and low customer demand. This negative trend illustrates a low demand of people's public awareness on the need of protection which requires an increase to help them in mitigating the individual and family potential risk. Undeniable life insurance can equip and prepare people for any potential risk that could happen in the future in terms of financial aspects.

Nidhiagrawal and Agrawal (2017) agreed that life insurance companies should provide potential customers with innovative ideal products of high-risk cover, more attractive returns and affordable or inexpensive rates of insurance premiums to attract a greater number of customers. This premium coverage is recommended to be broadened into a different variable of demographic, premium lifetime, and social support system.

The next strategy to encourage people subscription to the life insurance package is by educating these people on the importance of protecting themselves from any hazards. In addition, this process appears to be one of the significant ways that can stimulate people's acceptance in Malaysia. The information on life insurance is expected to generate a better understanding in terms of the future financial system in assisting the insurer to invest more efficiently. Therefore, people will have greater perspective on the purpose of life insurance and recognize the various types of insurance products available which at the same time would increase a greater demand for life insurance packages.

In addition, life insurance premium is recommended to be equipped with saving

package. Lim et al. (2020) emphasized that people should be educated to understand the importance of life insurance products and the long-term saving package. This initiative can help the people with low financial knowledge especially the B40 and younger generation. Meanwhile, the life insurance provider should effectively explain the package with accurate information which is delivered in the language and context that are easily understood by all walks of life. This will have a better impact in increasing the understanding and knowledge of life insurance products. In addition, the package coverage may also increase the health care access such as including outpatient care for certain hazard behaviour either from the insurer or the insurance providers (Bakar, 2016). People are more likely to be influenced in having a package which can protect them from measurable loss, injury, liability, loss, or external or internal weaknesses that can be prevented by active actions (Abdul-Fatawu, Logubayom, & Abonongo, 2019).

Chung (2020) provided evidence by stating that Malaysia's life insurance industry has shown a remarkable 14.9% growth of new business in 2019. This progressive performance is the result of the increase in awareness or knowledge among consumers on life insurance protection which has raised their confidence and intention to buy the insurance. Because of this positive trend, the life insurance provider should take the opportunity to raise the people's confidence and intention to purchase insurance policy. A professional advice and well-trained consultants can significantly influence their buying decision. This action can also improve people's perception about insurance companies.

6. CONCLUSION

This study has gone a long way in filling the gaps in assessing the factors to determine people's acceptance of life insurance products. The findings significantly demonstrate that the research variables of service quality, knowledge and awareness, and age significantly influence insurance penetration at $p=0.00 (p<0.05)$. The result clearly explains that all the factors are positively significant to encourage people in protecting and mitigating themselves from any risk in the future. The potential policyholder should equip themselves with all the information as well as the insurance coverage, consumer protection and regulatory information to enhance their understanding as the policyholder. On top of that, the life insurance providers are responsible to provide relevant information in order to educate the households on the coverage of risk exposure as well as their understanding

and knowledge of insurance products and markets.

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Sekian, terima kasih.

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Saya yang menjalankan amanah,

Setuju.

27.1.2023

SITI BASRIYAH SHAIK BAHARUDIN
Timbalan Ketua Pustakawan

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