

## The Antecedent of Life Insurance Penetration in Malaysia

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**Abstract:** A slower rate of economic growth is indicated by a low degree of market penetration for insurance. In contrast to other Asian countries, Malaysia has a comparatively low life insurance penetration rate of 54% throughout the five years before 2020. If Malaysia has a less advantageous rate of life insurance coverage, its citizens will be more financially vulnerable. The observation suggests that people are generally skeptical when discussing insurance-related topics. People's perceptions of insurance are often unfavorable. Now, most people think that getting insurance or being an agent is fraudulent. This is a result of a general lack of understanding about insurance. This study aims to identify or determine the possible causes of Malaysia's low life insurance penetration. Age, awareness, and service quality are the variables linked to life insurance's low uptake. We used a questionnaire to gather primary data, and all the results were evaluated. In Temerloh, Pahang, Malaysia, the researchers distributed the questionnaire to a sample of 150 respondents. To ascertain the research outcome, SPSS was used to analyze the collected data. The outcome of this study revealed that there is a substantial correlation between low life insurance penetration in Malaysia and age, awareness, and service quality.

**Keywords:** *Life insurance, insurance policy, financial intermediaries, demographic diversity, risk management.*

### 1. Introduction and Background

A sense of safety and the assurance that one's life will go on are among the most fundamental human needs. In this situation, insurance policies are appealing because they shield policyholders from financial ruin in the event of catastrophic mishaps, such as the onset of a terminal illness. One way that people mitigate the risk of financial loss is by purchasing insurance. Insurance can help transfer or lessen the risk of death and property loss. Individuals and organizations have practiced insurance since the beginning of time which has played a crucial role in both the economy and society due to its collection of premiums, worldwide and regional investment activities, and, notably, its significant function in providing coverage for risks faced (OECD, 2021).

According to the Life Insurance Association of Malaysia (LIAM), the Malaysian insurance market is divided into two categories: life insurance and general insurance. Life insurance safeguards the financial interests of creditors, the insured's family, and other parties by ensuring that they do not suffer a loss of income in the event of the insured's death or serious injury. In contrast, general insurance, offered in various formats, aims to protect policyholders from financial damages resulting from the complete or partial loss of the insured property. It also includes compensation for losses arising from any harm or destruction to the mentioned property. This research examines life insurance policies, which have attracted special attention and examination among insurance products considering the COVID-19 pandemic (Descombes, 2021). Life insurance is a financial instrument that is utilized globally. When things are not going well, it is done to safeguard the wealth of one person or the family's primary source of income (Budin et al., 2020). Nevertheless, many people still refuse it and hesitate to buy it even when they have the money. This is a result of the fact that insurance is an exceptionally complex product for them. Reaching the full rate of life insurance penetration is challenging everywhere, including in Malaysia. The significance of this study resides in its capacity to augment comprehension of the determinants impacting life insurance penetration in Malaysia, hence mitigating the financial susceptibility of residents and fostering heightened consciousness and acceptance of insurance products in the local setting.

**Problem Statement:** As per Kamel's (2020) findings, only a third of the Malaysian population is covered by life insurance, and the proportion that holds multiple life insurance policies in 2020 is unfavorable. Five years

prior, the penetration rate for 2020 was a meager 54%. In Malaysia, 32.70 million people have no life insurance at all, while 13.54 million have inadequate coverage. The industry stands to earn significantly financially from it. With 26.28 million Malaysians working in this field, there is still a growth market. By the end of 2020, the Malaysian life insurance market is predicted to have a 75% penetration rate overall, according to Life Insurance Association Malaysia (LIAM). However, based on past statistics, the goal was not accomplished. Life insurance in Malaysia is currently underinsured since the country's per capita sum assured in the country remains relatively small. In developing economies like Malaysia, the density and penetration rate of life insurance are often lower than in developed Asian countries.

In Malaysia, the need for life insurance is still not given enough attention. The researcher has investigated the factors and causes that have influenced Malaysians' adoption of life insurance while keeping these worries in mind. According to the Life Insurance Association of Malaysia (LIAM), some individuals believe that they do not require life insurance just because they are single and have no dependents. People under thirty have a stronger tendency to spend more on lifestyle expenses. As such, they do not believe that insurance is required. A low insurance penetration rate has also been linked, it has been acknowledged, in part, to a lack of knowledge of life insurance, especially in suburban and rural regions, as well as a lack of appreciation of its advantages. In addition, several objections to the agents' actions have been raised. Several complaints, such as those regarding insurers not receiving premium payments from policyholders on time, policy benefits and terms being misrepresented, agents not giving customers enough information about the terms and conditions of the policy and its benefits, and pressure to purchase policies that are inappropriate for their needs, can be blamed for Malaysia's low adoption rate of life insurance. Finding the causes of the low penetration rate of life insurance among Malaysians is the aim of this study. Age, awareness, and service quality were the parameters found as independent variables.

## 2. Literature Review

**Low Penetration of Life Insurance:** Given the current COVID-19 environment and the need to secure and safeguard human life and health, there is a greater need than ever for life insurance. As a vital component in reducing both individual and business risks in the event of unanticipated events, the health insurance sector is widely recognized as a significant catalyst for economic growth. Family Takaful and Life Insurance penetration rates in Malaysia, however, are much lower than Bank Negara Malaysia's target of 75% for the year 2017 at 54% and 19%, respectively. According to Malaysia Takaful Dynamics (2015), the penetration rate may be calculated by the ratio of the premiums underwritten each year with the GDP. From RM338 in 2000 to RM771 in 2010, the per capita insurance expenditure in Malaysia has increased by 128%, because of the public's increased awareness of the value of insurance over the past decade. Swiss Re (2020) statistics show that insurance penetration rates in developed markets have not performed well overall compared to developed countries over the past 10 years due to persistent issues.

The capacity to select the appropriate healthcare plan for oneself based on one's financial and medical well-being, as well as one's capability, knowledge, and assurance in evaluating correct information regarding healthcare plans, is referred to as health insurance literacy (Quincy, 2011; Williams et al., 2021). There is a strong favorable correlation between purchasing health insurance and doing so (Al Mamun et al., 2021). Given that everyone uses a smartphone, the insurance industry needs to spend heavily on robots, digital, AI, analytics, and analytics. Thus, there is a significant chance to make technological investments to reach every individual in both urban and rural areas, increasing insurance penetration above the global average (Radhika & Satuluri, 2019).

The government should prioritize researching the variables that drive growth in the insurance industry to increase insurance activity and ensure higher insurance penetration and density (Hristova, 2022). Cytonn Investments (2015) and IRA (2015) have highlighted that the growth of the insurance sector is mainly propelled by the expansion of services, varied distribution channels, favorable demographics, innovation, a robust regulatory framework, and industry-specific compliance obligations (Barasa, 2016). Certain economists endorse the concept of an efficient market and argue that competition typically leads to the most favorable social consequences (Damtew & Muraguri, 2021). The study suggests that the utilization of government subsidies, implementation of policy incentives, evaluation of regulations, and ensuring their compliance will

result in the availability of competitive insurance solutions and the establishment of market trust. These factors are crucial for achieving higher insurance penetration rates (Damtew & Muraguri, 2021). Previous studies have identified many factors associated with the adoption of insurance in multiple regions and countries, such as Kenya, Bulgaria, and India. This study investigates the factors contributing to the low level of life insurance adoption, with a specific focus on service quality, income level, education, awareness, and age.

**Service Quality:** To evaluate service quality, client expectations as well as perceptions are compared (Bungatang, 2021). The customer's expectations are taken into consideration as a foundation for service quality assessment. "Focusing on meeting the wants and necessities of the customer and how good the service delivered meets the customers' expectations" is the definition of service quality (Paposa, Ukinkar & Paposa, 2019). When making purchases, customers can assess the quality of goods by considering a variety of aspects, including the design, feel, color, durability, packaging, and so forth. Siddique and Sharma (2010) state that six criteria are used to assess the quality of a service: assurance, competence, corporate image personalized financial planning, tangibles, and technological aspects. It was discovered that assurance and competence are priority service sectors and that personalized financial planning comes next.

Intangible elements like services are far harder to evaluate than products. The key differentiator for both goods and services is quality. However, because services are intangible and have a wide range of characteristics, customers find it challenging to assess them or treat them as products that are solely reliant on the attitudes of the staff and the customer (Wirtz, et al (2020). Service quality can be measured by how well a specific service satisfies the expectations of the consumer. Service quality, according to Limna and Kraiwanit (2022), Khan and Fasih (2014), and Naeem et al. (2009) significantly influences all customer loyalty, customer contentment, financial performance, and efficacy of marketing tactics. Firms can increase customer satisfaction, maintain a competitive edge, and improve service quality by concentrating on service quality (Limna & Kraiwanit, 2022; Karim & Chowdhury, 2014; Wijetunge, 2016). As a result, it is important to consider service quality.

The quality of insurance can be assessed using the following standards because it is an intangible service: tangibility, safety, technology, responsiveness, empathy, and reliability (Paposa, Ukinkar & Paposa, 2019; Siddiqui & Sharma, 2010; Parasuraman et al., 1991). The capacity to offer tangible proof of the services being provided—which could include a variety of objects like people, real buildings, supplies, and machinery—is known as tangibility. Reliability is the constancy and trustworthiness of performance. It encompasses things like solving customer issues, keeping promises, keeping records free of errors, offering service right away, and providing service on schedule. Employee responsiveness is defined as their eagerness or willingness to provide services that demonstrate the timeliness of the services provided and include components like accuracy, promptness, helpfulness, and the ability to respond quickly. Safety is defined as the capacity of employees to establish and maintain consumer confidence via tact, prudence, safety, and civility. Empathy is the organization's ability to actively listen to and understand the needs of its customers and to offer customized services, individualized attention, accessible operating hours, customer need analysis, and customer-centricity. The clients receive that kind and individualized care. Technology is the assortment of many strategies, techniques, and protocols used in service delivery.

**Awareness:** As per the report by the Life Insurance Association of Malaysia (LIAM, 2018), there were sixteen family life insurance and takaful companies active in Malaysia as of January 2020. A person gains knowledge because of their learning process. Aramiko, Zuhrihal, Yanti (2021), and Wulandari and Suyanto (2014) assert that a range of internal and external factors, such as facilities and socio-cultural contexts, can have an impact on knowledge. The degree of attention a person pays to internal or external environmental stimuli is known as awareness, and the author also mentioned it (Aramiko, Zuhrihal & Yanti, 2021; Solso, 2007).

Most of the company's goals are to boost sales and profits. The organization will attempt to attract customers to acquire its products and services, as well as customer lifetime value (CLV), denoting the number of transactions completed throughout a customer's entire lifecycle. According to Gustafson and Chabot (2007), brand awareness is the process of piquing the interest of both present and future consumers in goods and services. However, there are inadequate studies that investigate people's awareness of takaful and their comprehension of insurance (Salman, Rashid & Hassan, 2017). When choosing a product or service, brand consideration is essential because, if nothing is available for consideration, it is likely that nothing will be

selected (Baker et al, 1986). According to a study conducted in India, non-Muslim insurance customers lack awareness of this uncertainty, gambling, and interest that the insurance business is susceptible to. Most non-Muslims do not think that insurance practices should be prohibited because of their various beliefs, and the same is true for Muslim policyholders (Salman, Rashid & Hassan, 2017).

To mitigate the risk in society, insurance is the one-of-a-kind and most significant financial tool. As a result, insurance is crucial to the economy's ability to continually grow. Regrettably, despite insurance's significance, few people use insurance products. The Life Insurance Association of Malaysia commissioned a study on individuals in 2013 who had purchased life insurance, and the results revealed numerous significant observations. The community will be more receptive to purchasing family life insurance if its significance and advantages are better understood. However, the less favorable statistics from BNM and LIAM that the prevalence of life policies, particularly the B40, that target Malaysian citizens may suggest a limited understanding among the public regarding the advantages of family takaful or life insurance. (Sang, Mohidin & Budin, 2020). When making a purchase, a person will depend on their in-depth product knowledge to help them choose the item that will best serve their needs and make the right decision (Keat, Zakaria & Mohdali, 2020). According to Keat, Zakaria, and Mohdali (2020), product knowledge is the degree to which an individual understands and is cognizant of details regarding goods, particularly their brand, price, or quality.

**Age:** There are multiple methods to articulate the concept of awareness. In contemporary times, individuals are anticipated to exhibit an excessive level of concern regarding their well-being, the ecological system, their social connections, and their economic stability. Every time we go out to grab a takeaway or stroll downstairs, there is a possibility of having an accident. It is a condition that can be experienced by anyone, regardless of their age or health condition. It is essential to remember to dispel the widespread misunderstanding that young and healthy individuals do not require financial stability for their overall welfare. Additional data has substantiated the fact that health issues do not exhibit discrimination towards individuals based on their age or personal history, as poor health consequences might affect anyone. As stated by Poan, Merizka, and Komalasari (2021), insurance serves as a social protection tool that mitigates life risks by providing coverage against unforeseen events and potential dangers that can occur to individuals.

Rahman and Daud (2010) state that when Malaysia Medical and Health Insurance (MHI) was first established in the early 1970s, the major industry participants were foreign-based insurers such as AIA Prudential, American International Assurance, AETNA, and numerous other insurance companies. The significance of protecting assets is acknowledged by the Malaysian financial system, which currently places a strong emphasis on the family takaful and life insurance sectors. It is recognized that purchasing insurance is one of the personal responsibilities that should take precedence to ensure future stability. Increased information is being disseminated by government and non-government organizations to increase public knowledge of personal protection insurance.

Through the National Strategy for Financial Literacy 2019–2023, the Malaysian Inland Revenue Board (Lembaga Hasil Dalam Negeri) revealed that 33% of Malaysians have little personal financial literacy and that around 92% of these individuals possess deposit products and have a reduced likelihood to diversify their financial portfolio with high-risk investment products. This includes their readiness for unforeseen life events; a startling 52% of them struggle to accumulate even RM1,000, for the fund of emergency, and only 24% have enough money to cover their living needs for at least three months.

Significantly, the statistics unveiled that a meager proportion of individuals, specifically less than 20%, own sufficient life insurance coverage to safeguard themselves from unforeseen circumstances (Goh, 2022). As of the present moment, there are sixteen active family life insurance and takaful businesses in Malaysia, as reported by the Life Insurance Association of Malaysia (LIAM, 2018). In addition, Lim, Mohidin, and Budin (2020) discovered that less than 50% of Malaysians own family takaful or life insurance, which aids in reducing risks.

Even though having life insurance coverage is crucial, a few things influence people's commitment to this. According to Min (2008), age, gender, level of personal debt, income, education, number of dependents, and the minimum quantity guaranteed by the current policy are all determinants. Adopted by the Affordable Care Act

(ACA), insurers are required to provide coverage to any applicant who desires it, and the method by which premiums are calculated is limited to the applicant's background or characteristics. This situation elucidates the rationale behind the prohibition on insurers basing premium rates on gender or health status disparities. The ratio of premiums based on age is limited to three to one, meaning that the premium for an individual aged sixty-four is three times the one with the age 21. According to Lim and Tan (2019), it has been observed that individuals aged 30 to 39 are more likely to have life insurance in comparison to those aged 20 to 29. Age is statistically negligible, according to Abdul-Fatawu, Al Logubayom, and Abonongo (2019) after more research showed a favorable association between life insurance demand and age. This scenario elucidates the reason behind the increasing demand for life insurance as individuals age. This could be explained by the fact that as people age, they must take care of both their own basic needs, such as housing, higher education, and retirement funds, as well as the needs of their dependents. Regarding the age component, Nidhiagrawal and Agrawal (2017) and Yadav and Tiwari (2012) stress that a person's decision to buy life insurance policies is significantly influenced by several characteristics, including gender, age, and income.

**Research Hypothesis:** Despite the present growth in life insurance products, this study attempts to evaluate the following hypothesis based on past literature:

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

The activities of the agents in terms of information gathering and processing have a significant impact on service quality (Eckardt & Doppner, 2010). When a customer buys life insurance, a lot depends on the agent's level of service and the depth of their relationship with the customer.

*H2. A correlation exists between the penetration of life insurance and awareness.*

Regarding the previously mentioned facts, Sang, Mohidin, and Budin (2020) state that the expansion of the country's family takaful and life insurance sectors is generally positive. The BNM intends for family takaful and life insurance penetration rates to reach 75% by 2020; however, as of 2017, Malaysia's penetration rate was just 56%. Consequently, such data should not be the primary criterion used.

*H3. There is a correlation between life insurance penetration and age.*

A major factor influencing the insurance purchasing policy is the age of the policyholder. Estevez (2021) provided evidence that the insurance premium is determined by the policy's duration and the time of purchase. For each year of age, the insurance premium will rise by around 8%–10%, as explained by this condition. Considering this, buying insurance becomes more costly as people age

### 3. Methodology

Quantitative data was gathered as part of this research. Primary and secondary data were the primary focus of the researchers. The production of primary data was based on the preliminary data acquired from the sample's self-administered questionnaire. Furthermore, secondary data was sourced from internet sources, journals, and publications by the scholars who ran this study. To find out why there is such a low percentage of life insurance penetration, 150 random people in Temerloh, Pahang, Malaysia were surveyed. We took into account each response when we analyzed the data. This study's questionnaire consisted of three parts: A case study by the Life Insurance Association of Malaysia and Universiti Kebangsaan Malaysia (2013) served as the dependent variable for the research on life insurance penetration, which was discussed in Section B. Service quality (derived from Singh, Sirohi & Chaudhary, 2014), age (modified from Liebenberg, Carson & Hoyt, 2010; Savvides 2006), and researcher-developed awareness were all covered in Section C, which dealt with independent factors. Demographic information (gender, age, income, profession, and marital status) was included in Section A. In Section A, the ordinal scale was used to assess income and age, while the nominal scale was used to measure gender, occupation, and marital status. Furthermore, in Parts B and C, the 5-point Likert scale was utilized. In this study, convenience sampling also referred to as non-probability sampling, was employed. In a non-probability sampling method, the constituents of the population have no likelihood attached to them being chosen as sample subjects (Sekaran & Bougie, 2013). The researchers used convenience sampling since the data was collected from individuals who were willing to participate but were not yet insured.

The sample frame used in this study is the list of respondents from Temerloh, Pahang, Malaysia. Temerloh, as



a specific location within Pahang, might have distinctive socio-economic, cultural, or market dynamics that make it a pertinent case study for understanding life insurance penetration in Malaysia. Temerloh, Pahang may have been chosen for several reasons such as accessibility, demographic diversity, existing data or infrastructure, and specific characteristics. For accessibility, Temerloh's geographical location and accessibility may make it convenient for conducting fieldwork and gathering data. Meanwhile, for demographic diversity, Temerloh's population composition may offer a diverse range of perspectives and experiences relevant to the research topic. In addition, the availability of existing data or research infrastructure in Temerloh could facilitate data collection and analysis. Finally, Temerloh may possess unique characteristics or trends that make it an ideal location for studying life insurance penetration within the Malaysian context. Therefore, at least 150 respondents were gathered for this study to fairly represent the size of the population. According to Altunışık et al. (2004), most studies would benefit from a sample size of at least thirty and no more than five hundred. A sample size of 150 can still provide adequate statistical power to detect meaningful relationships and draw reliable conclusions about the antecedents of life insurance penetration in Malaysia. Version 26 of the Statistical Package for Social Science (SPSS) program was used to examine all the collected data.

#### 4. Findings

**Demographic Respondents:** In terms of gender, men made up most responses with 54.7% being men and 45.3% being women. On the other hand, the respondents who were between the ages of 26 and 35 made the largest contribution (33.3%), which was followed by the respondents who were between the ages of 36 and 45 (30%), the respondents who were under 25, the respondents who were between the ages of 46 and 55 (9.3%), and the respondents who were beyond the age of 56 (2.0%). In all, 150 people responded to the survey. In terms of occupation, 45.3% of all respondents worked in the non-government sector. Then, 11.3% of the respondents were self-employed, 3.3% were retirees, and 40.0% were employed by government. Finally, a considerable proportion of the participants (34.0%) earn between RM 1001 and RM 2000. With 31.3% of the total, the respondents with earnings between RM 2001 and RM 3000 came in second. Second, out of all responders, only 2.7% made over RM 4001. On the other hand, 8.0% of those surveyed made between RM 3001 and RM 4000.

**Reliability Test:** Table 1 presents the reliability indicators for both the independent and dependent variables. The reliability coefficients for the questionnaire items measuring life insurance penetration, service quality, awareness, and age were 0.841, 0.812, 0.789, and 0.702, respectively, indicating high internal consistency and stability. All values were exceptional. Therefore, it can be asserted that the survey's questions were reliable and consistent in every case.

**Table 1: Reliability Statistics of Variables**

Variables	Cronbach's Alpha
Life Insurance Penetration	0.841
Service Quality	0.812
Awareness	0.789
Age	0.702

**Descriptive Analysis:** The descriptive statistics for each independent variable are shown in Table 2. To be more precise, the highest mean value is 4.36 for age and 4.20 for awareness. With a mean score of 4.16, service quality receives the lowest overall rating.

**Table 2: Descriptive Statistics for Independent Variables**

Variables	Mean
Service Quality	4.16
Awareness	4.20
Age	4.36

**Correlation Analysis:** The Pearson-product moment correlation coefficient was used to analyze the relationship between the dependent and independent parameter variables. Table 3 can be used to assess the

relationship's strength. First, the data showed that low life insurance penetration and bad service quality were positively correlated ( $r = 0.927, p < 0.01$ ), with low insurance penetration being linked to poor service quality. The second study showed a high positive correlation ( $r = 0.775, p < 0.01$ ) between low life insurance penetration and lack of awareness. In conclusion, there was found to be a noteworthy positive association ( $r = 0.749, p < 0.01$ ) between age and low life insurance penetration. Age and low life insurance penetration are related.

**Table 3: Correlation Analysis Pearson Correlation**

Variables	DV	IV1	IV2	IV3
Low Life Insurance Penetration	1	.927**	.775**	.749**
Service Quality	.927**	1	.690**	.872**
Awareness	.775**	.690**	1	.559**
Age	.749**	.872**	.559**	1

**Multiple Regression Analysis: Model Summary of R-Square:** Table 4 indicates that the independent variables may explain 90.4% of the variation in the characteristics that may lead to low life insurance penetration, leaving just 9.6% of the variation unaccounted for. This is an indication of an excellent R2 value. Thus, 9.6% of the variables may be explained by factors not included in the factors list.

**Table 4: Descriptive Statistics for Independent Variables**

R	R Square	Adjusted R Square
.951A	.904	.902

**ANOVA:** The F-statistic, with P-value = 0.00, is shown in Table 5 and is less than the alpha value of 0.05. It implies that every variable is significant.

**Table 5: Descriptive Statistics for Independent Variables**

Model	Sum of Squares	Df	F	Sig.
Regression	18.459	4	343.173	.000a
Residual	1.950	145		
Total	20.409	149		

**Regression Coefficient:** The regression analysis's default indicator is at the 95% confidence level. A P-value is considered significant if it is less than 0.05; if it is larger than 0.05, it is considered not significant.

Based on the result in Table 6, the regression for the hypotheses that analyze 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

Based on Table 6 and the developed formula, an increase of one unit in the independent variables of service quality yielded 1.069 improvement units and 0.232 awareness units. However, there was a 0.270 unit drop in the age-independent variable.

**Table 6: Coefficients**

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

**Summary of Hypothesis Testing:** Age, awareness, and service quality are three independent variables of significance that demonstrate the result's consistency with or support from prior research. Researchers have succinctly summarized the findings of their regression analysis.

H1, H2, and H3 are the three hypotheses that can be deemed valid after the multiple regression analysis, as indicated in Table 7. Moreover, regarding Hypothesis 1, it is possible to argue that the inadequate service quality of an insurance company is the root cause of the low penetration of life insurance. This demonstrates that service quality serves as a predictor of the factor in question. Furthermore, it is possible to infer from Hypothesis 2 that the lack of knowledge and cognizance among the respondents is the root cause of the low life insurance penetration. It implies that knowledge regarding life insurance significantly influences market penetration. However, based on the P-value of 0.000, it can be concluded that age has no impact on the decision of respondents to purchase life insurance premiums, as stated in Hypothesis 3.

**Table 7: Summary of Hypothesis Testing**

Hypothesis	Decision
H1	Accepted
H2	Accepted
H3	Accepted

### Discussion

In recent years, the individual life insurance industry has encountered slow growth due to economic challenges and limited customer interest. This downward trajectory highlights a lack of public awareness regarding the importance of protection, necessitating increased efforts to assist individuals and families in mitigating potential risks. Life insurance plays a crucial role in equipping and preparing individuals to address future financial uncertainties. According to Nidhiagrawal and Agrawal (2017), it is recommended that life insurance businesses offer prospective clients unique and perfect solutions that offer high-risk coverage, attractive returns, and low insurance premiums. This strategy aims to enhance customer attraction and increase the customer base. It is advised to expand the scope of this premium coverage to encompass other demographic variables, premium lifetime, and a social support system.

One potential approach to promote the uptake of life insurance subscriptions is imparting knowledge to individuals regarding the significance of safeguarding themselves against potential risks and dangers. Furthermore, this technique is a noteworthy method for fostering societal acceptability among individuals in Malaysia. The provision of information regarding life insurance is anticipated to enhance comprehension of the future financial system, hence facilitating more effective investment practices for insurers. Consequently, individuals will develop a more thorough comprehension of the underlying objectives of life insurance and gain awareness of the diverse array of insurance products accessible in the market. This enhanced knowledge is expected to result in an increased demand for life insurance packages.

Furthermore, it is advisable to include a savings component for one's life insurance premium. The authors of the study conducted by Lim et al. (2020) underscored the need to provide individuals with education regarding the value of life insurance products and the benefits of long-term saving packages. This effort has the potential to aid individuals with limited financial literacy, particularly those belonging to the B40 socioeconomic group and the younger demographic. In the meantime, it is imperative for the life insurance provider to proficiently elucidate the insurance package, ensuring the provision of precise and reliable information that is conveyed in



a manner that is comprehensible to individuals from diverse backgrounds and experiences. This will result in a more pronounced effect on enhancing comprehension and awareness of life insurance products. Furthermore, the inclusion of outpatient care for specific hazardous behaviors, whether provided by the insurer or the insurance providers, can also contribute to an increase in healthcare access through package coverage (Bakar, 2016). Individuals are inclined to be swayed towards acquiring a comprehensive package that offers a safeguard against quantifiable losses, physical harm, legal responsibility, deficits, as well as external or internal vulnerabilities that can be mitigated by initiative-taking measures (Abdul-Fatawu, Logubayom, & Abonongo, 2019).

According to Chung (2020) findings, the life insurance sector in Malaysia witnessed a substantial expansion of 14.9% in new business during the year 2019. The upward trend in performance can be attributed to the growing consumer awareness and knowledge regarding life insurance protection, which has subsequently bolstered their confidence and inclination to purchase such insurance policies. Given the favorable trajectory, the life insurance provider should capitalize on this chance to enhance public trust and stimulate the inclination to acquire insurance policies. The presence of expert guidance and advisors who have received comprehensive training can exert a substantial impact on individuals' purchasing choices. This move has the potential to enhance individuals' perception of insurance firms. Hence, the study is important for the local context because it tackles the problem of low life insurance penetration in Malaysia. It aims to improve financial security for Malaysian citizens and dispel myths and skepticism about insurance products by identifying factors like age, awareness, and service quality that contribute to this challenge.

## 5. Conclusion and Recommendations

The possible outcomes of the study encompass heightened awareness of life insurance advantages among Malaysians, well-informed policy suggestions for enhancing service quality strengthened financial stability for households, market expansion through customized products, educational endeavors to enhance financial literacy, enhanced customer satisfaction, understanding of the insurance needs related to age, data-based decision-making for insurers, community involvement in discussions about financial planning, and the establishment of a standard for future research in the insurance industry. This study has achieved substantial achievements in addressing the knowledge gaps about the assessment of factors that impact individuals' acceptance of life insurance products. Substantial data indicates that awareness and understanding, service quality, and age are key characteristics that greatly influence insurance penetration. This influence is statistically significant at a level of  $p=0.00$  ( $p<0.05$ ). The results clearly show that each variable has a statistically significant and positive correlation with people's tendency to engage in protective and mitigating measures against probable future dangers. Potential policyholders should acquaint themselves with extensive information regarding insurance coverage, consumer protection, and regulatory rules to enhance their understanding of their responsibilities as policyholders. Moreover, life insurance providers must give relevant information to educate households about the level of coverage for potential risks and to improve their understanding and knowledge of insurance products and markets.

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