

Factors Influencing Vehicle Owners' Intentions to Extend Special Perils Coverage in Motor Insurance

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Abstract: The rising frequency and severity of natural disasters have intensified the need for comprehensive motor insurance, particularly focusing on special perils coverage. This coverage plays a vital role in safeguarding vehicle owners against financial losses resulting from environmental hazards such as floods, landslides, and other catastrophic events. This study investigates the factors that influence vehicle owners' intentions to extend special perils coverage within their motor insurance policies in Klang Valley, Malaysia. A quantitative and descriptive research approach was adopted, employing convenience sampling techniques, with data analyzed using descriptive statistics through the Statistical Package for Social Sciences (SPSS) to extract valuable insights. A structured survey involving 100 vehicle owners examines the impact of knowledge, promotional efforts, and perceived benefits on their decisions to opt for extended special perils coverage. The findings highlight that these three factors - knowledge, promotion, and benefits - significantly influence the decision-making process. The study's insights are valuable for insurance companies, policymakers, and educational institutions in crafting strategies to encourage the wider adoption of special perils coverage. By increasing awareness, enhancing promotional efforts, and communicating the benefits of such coverage, stakeholders can better meet the needs of vehicle owners and boost the uptake of comprehensive motor insurance. This study underscores the importance of a multifaceted approach in promoting insurance products that offer essential protection against escalating environmental risks.

Keywords: *Motor Insurance, Special Perils, Intention, Knowledge, Promotion, Benefits.*

1. Introduction and Background

Motor insurance is a crucial component of the Malaysian insurance industry, largely due to its mandatory status under the Road Transport Act 1987. This legislation requires all vehicles on Malaysian public roads to have insurance coverage, making it essential for vehicle owners. Specifically, Section 90 of the Act mandates that driving without Third Party Bodily Injury and Death (TPBID) coverage is a criminal offense (Road Transport Act, 1987). In Malaysia, the common types of motor insurance policies include:

Act Cover: The minimal legal coverage, offering protection against third-party bodily injury or death (excluding passengers). This policy is rarely provided by insurers.

Third-Party Cover: Covers third-party bodily injury, death, and property damage caused by the insured vehicle.

Third-Party, Fire and Theft Cover: Includes coverage for loss or damage to the insured vehicle due to fire or theft, along with third-party protection.

Comprehensive Cover: Provides the broadest protection, covering third-party liability and loss or damage to the insured vehicle from fire, theft, or accidents.

Motor insurance remains the largest segment of the general insurance market in Malaysia, accounting for 45% of the total market share, followed by fire insurance at 21% (General Insurance Association of Malaysia (GIAM), 2024). The sector has experienced steady growth, with a Compound Annual Growth Rate (CAGR) of 2.6% over the past decade. In 2023, motor premiums increased by 8.5%, driven by an 11% Year-Over-Year (YoY) rise in new vehicle sales, according to the Malaysian Automotive Association (MAA) (The Star, 2024).

Motor insurance plays a vital role in protecting vehicle owners from financial risks associated with accidents, theft, and third-party liabilities. While standard policies cover common risks, they often exclude environmental hazards that can result in substantial financial losses. To address this gap, insurers have introduced specialized add-ons like the "Special Perils" cover, which extends protection to natural and man-made disasters, including floods and other natural calamities.

In 2023, the Department of Statistics Malaysia (DOSM) reported total flood-related losses of RM755.4 million, a decrease from RM1,026.5 million in 2022, representing 0.04% of the nominal Gross Domestic Product (2022: 0.06%) (Department of Statistics Malaysia (DOSM), 2024). Public assets and infrastructure suffered the most, with losses amounting to RM380.7 million (2022: RM636.8 million), followed by living quarters at RM168.3 million (2022: RM157.4 million) and the agricultural sector at RM120.6 million (2022: RM154.5 million). Business premises and vehicle-related losses reached RM53.2 million (2022: RM50.3 million) and RM22.3 million (2022: RM18.8 million) respectively, while the manufacturing sector incurred RM10.3 million in losses (2022: RM8.7 million). These figures highlight the significant financial burden on individuals whose vehicles were damaged in the floods, particularly those without special perils coverage.

Malaysia experiences annual heavy rainfall between November and February, often resulting in severe floods. The December 2021 floods, described by the Malaysian government as a "once in a century" event, affected 11 states and caused the largest insurance payout for a flood event in a decade (Honan Asia, 2022). Despite the frequent and severe nature of these floods, a large portion of Malaysians remain underinsured against flood-related damages. A survey by Zurich Malaysia in 2021 found that 59% of vehicle owners lacked adequate flood protection, either due to unawareness or a belief that they were not at risk. Moreover, only a small percentage of Malaysians are insured against other environmental hazards, such as storms (34%) and landslides (29%) (New Straits Times, 2022).

Floods pose the most significant environmental risk in Malaysia, as demonstrated by the catastrophic 2021 floods. The insurance and takaful industry paid out RM2.2 billion in flood-related claims, while the overall economic losses were estimated at RM6.1 billion. However, only 16 percent of motor comprehensive insurance policies in flood-prone areas included flood coverage (Zurich Malaysia, 2024). These statistics underscore the critical need for better preparedness against unexpected events in Malaysia, where heavy rainfall and intense monsoon seasons are common. Special perils coverage, which also protects against landslides and falling trees, is an essential but often overlooked component of motor insurance.

A report by Faber Consulting AG (2022) highlights that the demand for flood coverage in Malaysia is largely influenced by a limited willingness to pay and a low level of awareness regarding flood risks. While large public institutions and major corporations demonstrate a strong understanding of these risks, smaller entities, such as small and medium-sized enterprises (SMEs) and individual consumers, often underestimate the threat. These smaller entities tend to rely on self-insurance or expect government support in the event of a disaster. This underestimation of risk, coupled with a lack of awareness about the potential financial impact, results in heightened price sensitivity, with many perceiving flood insurance policies as disproportionately expensive relative to the perceived risk. Moreover, this price sensitivity is exacerbated by short-term thinking, as policies are often purchased only in response to a recent disaster.

Retail clients typically obtain flood insurance as part of their mortgage agreements when financing a property. However, due to intense competition in Malaysia's mortgage market, banks frequently offer loans without the added security of flood coverage. Among homeowners who no longer depend on a mortgage, flood insurance remains uncommon and is generally only purchased for lower-level structures. Similarly, flood coverage can be added to motor insurance policies but is usually selected only when the perceived flood risk is high. Many Malaysian consumers believe they can protect their vehicles during floods, leading to low overall penetration of flood insurance. The demand for this coverage is further limited by a lack of awareness and short-term decision-making, with interest often declining shortly after a major flood event.

Therefore, this study aims to (i) assess the influence of knowledge on vehicle owners' intentions to extend special perils coverage in motor insurance, (ii) explore the impact of promotional efforts on their intentions, and (iii) determine how perceived benefits affect their willingness to extend this coverage.

2. Literature Review

Intentions to Extend Special Perils Coverage: Fishbein and Ajzen (1975) first conceptualized purchase intention as a consumer's evaluation of a product or service they plan to buy in the future. Rooted in the Theory of Planned Behavior (TPB), Ajzen and Driver (1991) proposed that an individual's intention to purchase,

including health insurance, is influenced by three fundamental factors: behavioral beliefs, normative beliefs, and control beliefs. This framework has been widely adopted and extended in various contexts. For instance, Crosno et al. (2009) expanded on this concept by defining purchase intention as the likelihood that a consumer will choose a specific brand within a product category under certain purchasing conditions. Chimedtseren and Safari (2016) further supported this view, describing purchase intention as a predictive measure closely linked to actual buying behavior. Moreover, Lin and Chen (2006) emphasized that factors such as product knowledge and consumer involvement have been consistently identified in prior research as significant determinants of purchase intention.

Flooding is a persistent and severe challenge in Malaysia, particularly during the monsoon season, causing substantial damage each year. The Department of Statistics Malaysia's Special Report on the Impact of Floods in 2021 revealed that floods resulted in RM6.1 billion in losses across multiple states between late December 2021 and early January 2022 (GIAM, 2024). Additionally, recent flash floods have caused widespread property damage and financial losses nationwide, with the intensifying monsoon season expected to exacerbate the situation further.

Despite growing awareness of flood coverage, evidenced by the increase in comprehensive motor insurance uptake from 12% to 14% in the first half of 2023, there remains a critical need to improve public understanding of flood risks and the importance of protection. This need is particularly pressing due to the escalating severity of flood risks driven by climate change and shifting topography (GIAM, 2024).

Research by Ridzuan et al. (2023) indicates that the rate of flood insurance purchases in Malaysia remains significantly lower than other types of insurance, particularly motor vehicle insurance. Public awareness about flood insurance is also insufficient. A key factor contributing to the low uptake of flood insurance is the reliance on government assistance for flood relief, which has diminished the perceived necessity of individual coverage.

Knowledge: Before making a purchase, consumers typically seek information and knowledge about the product or service they are considering (Aziz et al., 2019). Product knowledge, as defined by Brucks (1985), involves an awareness of specific product-related details. This knowledge is primarily derived from direct experience with the product and advertising, both of which significantly influence consumer decisions (Rao & Monroe, 1988).

Product knowledge encompasses a consumer's awareness, understanding, and confidence regarding a product (Lin & Chen, 2006). Burton et al. (2009) emphasize the role of product knowledge in shaping consumer behavior, as it enables more informed and rational decision-making. A well-informed consumer can better assess product value and reduce the risks associated with purchasing.

In the context of takaful, knowledge has been identified as a crucial factor in the selection of takaful products (Ahmed et al., 2015). For instance, Matsawali et al. (2012) found a significant lack of awareness about takaful among individuals in Brunei, a finding echoed in other studies where insufficient knowledge was a key reason for not purchasing insurance (Oldenboom & Abratt, 2000). Yazid et al. (2012) observed that a below-average understanding of life insurance negatively impacts consumer intentions to purchase it. Moreover, an individual's purchasing ability is not solely determined by financial resources; when combined with financial literacy, these factors shape attitudes toward life insurance, which in turn influence purchase intentions (Nomi & Sabbir, 2020).

Marimuthu Nadason, President of the Federation of Malaysian Consumers Associations (FOMCA), highlighted that many Malaysians remain unaware of the availability of special perils coverage offered by their insurance providers. This lack of awareness is largely attributed to the failure of insurance companies to adequately inform customers about these options during the purchasing process. Nadason also pointed out that Malaysians often underestimate the growing threat of natural disasters, such as floods, which are increasingly affecting the nation (The Rakyat Post, 2021).

According to the General Insurance Association of Malaysia (GIAM) (2024), while awareness of flood coverage has seen improvement - as reflected in the increase in comprehensive motor insurance uptake from 12% to

14% in the first half of 2023 - there remains a pressing need to further elevate awareness of flood risks and the importance of adequate protection. This need is especially urgent given the escalating severity of flood risks due to climate change and shifting topography. Building on the existing literature, this study proposes the following hypothesis:

H1: Knowledge significantly impacts vehicle owners' intentions to extend special perils coverage in motor insurance.

Promotion: Promotion traditionally includes a range of activities such as sales promotion, advertising, personal selling, public relations, and direct marketing (Borden, 1984). Duncan (2005) further elaborated that promotion is a fundamental aspect of the market exchange process, wherein firms communicate product messages and brand identity to current and potential stakeholders, as well as the broader public, through an integrated set of marketing communication tools.

Research has consistently shown that promotional efforts, including advertising, personal selling, sales promotions, and publicity, play a significant role in shaping consumer perceptions, behaviors, emotions, and experiences toward a product (Munusamy & Wong, 2008). Among seven key marketing activities, promotional activities were identified as the second most influential factor affecting customers' policy purchasing behavior (Dash, 2012).

A study by Abu Seman and Segar (2023) demonstrated the positive impact of search engine marketing and social media marketing on consumer purchasing decisions, suggesting that businesses should prioritize these digital marketing strategies as part of their overall marketing approach. Similarly, research by Mohd Rasid et al. (2023) found that promotional advertisements significantly influence students' food expenditure habits, shaping their choices, perceptions, and budget allocation. Guan et al. (2020) also underscored the importance of life insurance marketers understanding the critical role of customer attitudes in purchasing decisions and advocating for marketing strategies that effectively influence these attitudes.

Moreover, the Federation of Malaysian Consumers Associations (FOMCA) has criticized insurance companies for failing to inform vehicle buyers about natural disaster (flood) coverage before policy purchase. FOMCA has announced plans to formally request that Bank Negara and the government mandate insurance companies to actively promote natural disaster insurance coverage to the public (The Rakyat Post, 2021). Based on these findings, this study proposes the following hypothesis:

H2: Promotion significantly impacts vehicle owners' intentions to extend special perils coverage in motor insurance.

Benefits: Adnan (2014) established a positive and significant relationship between the perceived benefits of a product and the likelihood of its purchase, underscoring that perceived benefits are a crucial determinant of purchase intentions. Yang et al. (2020) further elaborated that perceived benefits represent consumers' beliefs about the advantages or rewards they expect from a transaction. In the context of life insurance, perceived benefits are pivotal in shaping consumers' purchasing intentions (Mamun et al., 2021). When the benefits offered by a product fall short of consumer expectations, there is a strong likelihood that consumers will discontinue using the company's services and seek alternatives that provide greater perceived value (Nursiana, et al., 2021).

In the insurance sector, perceived financial benefits are often viewed as value motivations, encompassing aspects such as financial coverage against medical expenses and critical illnesses, cashless claim benefits, and tax advantages (Kumar, 2011). Yeow et al. (2021) also emphasized the significant influence of perceived financial benefits on purchase intention in previous studies.

Moreover, the concept of a product can be measured in multiple ways, including as a physical object with distinct characteristics or as a comprehensive set of benefits designed to meet customer needs (Indumathi & Dawood, 2016). Product quality has been consistently identified as a key factor influencing the customer decision-making process (Kavitha et al., 2012). Life insurance products, for instance, cater to diverse needs such as investment, education, or retirement planning (Kumar, 2011). The quality of these insurance products remains one of the strongest predictors of customers' purchase decisions (Harnam & Madhurima, 2011).

Based on these findings, this study proposes the following hypothesis:

H3: Benefits significantly impact vehicle owners' intentions to extend special perils coverage in motor insurance.

3. Research Methodology

This study utilized a convenience sampling technique to distribute questionnaires among vehicle owners, aiming to investigate the factors influencing their intentions to extend special perils coverage within their motor insurance policies. Convenience sampling was selected for its practical benefits, including cost-effectiveness, time efficiency, and ease of implementation, making it an appropriate choice for quickly and efficiently accessing respondents (Golzar et al., 2022). This approach enabled the study to gather relevant data in an efficient manner, which is essential for the timely analysis of consumer behavior.

The research methodology involved administering a structured survey to 100 respondents living and working in the Klang Valley region, all of whom use private vehicles for their daily commute. The survey included 20 measurement items designed to evaluate respondents' intentions to expand their special perils coverage. These items also assessed their knowledge, awareness of promotional efforts, and understanding of the benefits of such coverage. The collected data were analyzed using descriptive statistical techniques to identify the key determinants influencing vehicle owners' intentions to extend special peril coverage within their motor insurance policies.

Additionally, the study aimed to explore the relationship between these factors and the likelihood of respondents opting for enhanced insurance coverage, providing valuable insights for insurers looking to tailor their offerings to better meet consumer needs. This analysis is crucial for identifying target groups that are more likely to benefit from or require special perils coverage, thereby assisting insurers in developing more tailored and effective policy offerings.

4. Results

The purpose of this study is to investigate the factors that influence vehicle owners' intentions to extend special perils coverage in motor insurance. By understanding these demographics, the study aims to offer deeper insights into how various factors, such as gender, age, occupation, monthly income, and level of education, might impact the decision to opt for additional special perils coverage in motor insurance.

Profile of Respondents: Table 1 displays a summary of the characteristics of the total sample of the respondents who participated in the study.

Table 1: Demographic Profile

VARIABLE	FREQUENCY	PERCENTAGE
GENDER		
Males	42	42.0%
Females	58	58.0%
Total	100	100%
AGE		
20-29	65	65.0%
30-39	28	28.0%
40-49	5	5.0%
50 and above	2	2.0%
Total	100	100%
OCCUPATION		
Public sector	15	15.0%
Private sector	67	67.0%
Self-employed	18	18.0%
Total	100	100%

MONTHLY INCOME		
RM1,000 and below	2	2.0%
RM1,001 - RM2,000	3	3.0%
RM2,001 - RM3,000	51	51.0%
RM3,001 - RM4,000	20	20.0%
RM4,000 and above	24	24.0%
Total	100	100%
LEVEL OF EDUCATION		
Sijil Pelajaran Malaysia (SPM)	3	3.0%
Diploma	38	38.0%
Degree	58	58.0%
Master / PhD	1	1.0%
Total	100	100%

Table 1 presents the demographic distribution of the 100 respondents who participated in this study. Of these respondents, 58% were female, while 42% were male. In terms of age distribution, the majority of respondents (65%) were within the 20-29 years age range, with 28% falling into the 30-39 years range. A smaller percentage, 5%, were aged between 40-49 years, and just 2% were 50 years or older.

When examining employment sectors, the data reveals that 67% of the respondents were employed in the private sector, 18% were self-employed, and 15% worked in the public sector. Educational attainment among the respondents was also varied, with 58% holding a degree, 38% having a diploma, 3% possessing Sijil Pelajaran Malaysia (SPM) qualifications, and 1% having achieved a Master's or Ph.D. degree. These demographic insights provide a comprehensive overview of the sample, highlighting key characteristics that may influence the respondents' intentions to extend special perils coverage in their motor insurance policies.

Descriptive Statistics: Descriptive analysis was used in this study to provide a clear summary of the data, focusing on the characteristics of respondents and the key factors influencing their intentions to extend special perils coverage in motor insurance. The main aim was to explore and describe trends, frequencies, and patterns in the data, rather than to identify cause-and-effect relationships or make predictions. Descriptive analysis is therefore appropriate, as it helps present the raw data in a meaningful way. This method also highlights the most important variables and insights, which can guide future research and policy decisions. The results of the descriptive statistics for the factors affecting vehicle owners' intention to extend special perils coverage are shown in Tables 2, 3, 4, and 5 below.

Table 2: Mean Score and Standard Deviation for Intentions to Extend Special Perils Coverage

Item	Mean	Std Dev
I understand the importance of special perils for my financial protection.	3.28	0.998
I am likely to purchase special perils coverage when renew my motor insurance policy.	3.84	0.973
My current comprehensive motor insurance policy is more than enough to cover my vehicle	2.83	1.217
I consider discounts or promotions when deciding to purchase special perils coverage.	3.70	0.913
I am willing to spend more to add on special perils coverage for peace of mind.	3.21	0.962

Table 2 presents the overall mean and standard deviation for the five items designed to measure intentions to extend special perils coverage within motor insurance policies, which served as the dependent variable. These items were evaluated on a five-point Likert scale, with responses ranging from 1 (strongly disagree) to 5 (strongly agree). The item with the highest mean score was, "I am likely to purchase special perils coverage when renewing my motor insurance policy" (M = 3.84, SD = 0.973). This indicates a relatively strong intention among respondents to opt for this additional coverage. The second highest mean was associated with the item, "I consider discounts or promotions when deciding to purchase special perils coverage" (M = 3.70, SD = 0.913), reflecting the influence of financial incentives on purchase decisions.

The item, "I understand the importance of special perils for my financial protection," had a mean of 3.28 (SD = 0.998), suggesting moderate awareness of the benefits of such coverage. Similarly, "I am willing to spend more

to add on special perils coverage for peace of mind" scored a mean of 3.21 (SD = 0.962), indicating a cautious willingness to invest in additional protection. In contrast, the item with the lowest mean score was, "My current comprehensive motor insurance policy is more than enough to cover my vehicle" (M = 2.83, SD = 1.217), suggesting that respondents generally do not believe their existing policies fully address their insurance needs.

Table 3: Mean Score and Standard Deviation for Knowledge

Item	Mean	Std. Dev.
I believe that the extension of special perils coverage is a wise decision.	3.45	0.716
I do read about special perils coverage provided by different insurance companies to increase my level of understanding.	2.99	0.823
I believe that the intention to purchase special perils coverage is influenced by the knowledge of the vehicle owners.	3.95	0.609
I do think knowledge about the scope of coverage provided impacts my intention to extend special perils coverage.	4.06	0.583
I believe that the extension of special perils coverage to my motor insurance policy is beneficial.	4.16	0.598

Table 3 presents the mean and standard deviation for five items designed to measure the knowledge construct, an independent variable in this study. These items were rated on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The item with the highest mean score, "I believe that the extension of special perils coverage to my motor insurance policy is beneficial" (M = 4.16, SD = 0.598), indicates a strong consensus among respondents regarding the perceived value of this coverage. The second highest mean, "I think knowledge about the scope of coverage impacts my intention to extend special perils coverage" (M = 4.06, SD = 0.583), suggests that understanding the details of coverage plays a significant role in influencing purchasing decisions.

The items "I believe that the intention to purchase special perils coverage is influenced by the knowledge of vehicle owners" and "I believe that the extension of special perils coverage is a wise decision" yielded mean scores of 3.95 (SD = 0.609) and 3.45 (SD = 0.716), respectively. These findings highlight the perceived importance of knowledge in making informed decisions about motor insurance. However, the lowest mean score was observed for the item, "I read about special perils coverage provided by different insurance companies to increase my level of understanding" (M = 2.99, SD = 0.823), indicating a relatively low level of active engagement in seeking out information.

Table 4: Mean Score and Standard Deviation for Promotion

Item	Mean	Std Dev
I know which insurance company provides coverage for special perils in motor insurance.	3.07	0.640
I satisfied with the promotion on special perils coverage by the insurance company.	3.44	0.592
The insurance company frequently promotes the special perils that they provide.	3.33	0.652
The insurance company always promotes the benefits of purchasing special peril coverage.	3.36	0.647
I am aware of the advertisements on special perils coverages in motor insurance on television, media social, and billboards.	3.35	0.575

Table 4 presents the mean and standard deviation for five items measuring the promotion construct, an independent variable in this study. These items were assessed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The item with the highest mean score was "I am satisfied with the promotion of special perils coverage by the insurance company" (M = 3.44, SD = 0.592), indicating a moderate level of satisfaction among respondents regarding promotional efforts. The second highest mean was associated with "The insurance company always promotes the benefits of purchasing special perils coverage" (M = 3.36, SD = 0.647), suggesting that respondents recognize consistent promotional efforts by insurers.

Other items, such as "I am aware of advertisements on special perils coverage in motor insurance on television, social media, and billboards" (M = 3.35, SD = 0.575) and "The insurance company frequently promotes the

special perils they provide" ($M = 3.33$, $SD = 0.652$), also received moderate mean scores, indicating a fair level of awareness and perceived frequency of promotional activities. However, the lowest mean score was observed for the item "I know which insurance company provides coverage for special perils in motor insurance" ($M = 3.07$, $SD = 0.640$), suggesting that respondents may not be fully informed about specific insurers offering this coverage.

Table 5: Mean Score and Standard Deviation for Benefits

Item	Mean	Std. Dev.
I don't need to spend more to repair my vehicle if damaged by flood when I added on special perils coverage.	3.87	0.597
I believe that the intention to purchase the special perils coverage is influenced by the benefits provided by the insurance company.	2.89	0.549
The insurance company should provide wider protection when the insured purchases special perils coverage.	3.67	0.842
Purchasing special perils coverage allows me to save more money by transferring the financial risk of unexpected natural disasters to the insurance company.	3.89	0.718
I will not suffer huge financial loss if I have taken up additional insurance coverage, particularly on special perils.	3.70	0.611

Table 5 presents the mean and standard deviation for five items measuring the perceived benefits of special perils coverage, an independent variable in this study. These items were rated on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The item with the highest mean score was "Purchasing special perils coverage allows me to save more money by transferring the financial risk of unexpected natural disasters to the insurance company" ($M = 3.89$, $SD = 0.718$). This suggests that respondents strongly value the financial protection offered by special perils coverage. The second highest mean, also at 3.89 ($SD = 0.549$), was for the statement, "I believe that the intention to purchase special perils coverage is influenced by the benefits provided by the insurance company," indicating that the perceived benefits play a crucial role in motivating purchase intentions.

Other items with relatively high mean scores include "I don't need to spend more to repair my vehicle if damaged by flood when I add on special perils coverage" ($M = 3.87$, $SD = 0.597$) and "I will not suffer huge financial loss if I have taken up additional insurance coverage, particularly for special perils" ($M = 3.70$, $SD = 0.611$). These responses highlight the importance of financial security as a key benefit of purchasing special perils coverage. The item with the lowest mean score was "The insurance company should provide wider protection when insured purchase special perils coverage" ($M = 3.67$, $SD = 0.842$), suggesting that while respondents recognize the value of the coverage, there is a desire for even broader protection.

5. Discussion and Recommendations

H1: Knowledge significantly impacts vehicle owners' intentions to extend special perils coverage in motor insurance.

The mean scores for the items related to knowledge, ranging from 2.99 to 4.16, along with standard deviations between 0.583 and 0.823, indicate a broad spectrum of understanding and agreement among respondents regarding special perils coverage in motor insurance. The variability in responses suggests that while a significant portion of respondents recognize the importance and benefits of this coverage, there is also a segment of the population that is less informed or less convinced about its value.

The findings reveal that knowledge plays a crucial role in shaping consumer behavior regarding the extension of special perils coverage in motor insurance policies. The high end of the mean score spectrum (4.16) suggests that a substantial number of respondents are well aware of the benefits of transferring financial risks associated with natural disasters to the insurance company. This indicates a strong awareness of the protective role that special perils coverage can play in safeguarding their financial interests.

However, the lower mean scores, particularly around 2.99, highlight that there is still a significant portion of the population that either lacks sufficient knowledge or does not fully appreciate the value of such coverage. This gap in understanding can be attributed to several factors, including insufficient information dissemination, a lack of targeted educational initiatives by insurance companies, or a general complacency among vehicle owners who may underestimate the risks posed by natural disasters.

The variation in standard deviation values further supports this observation, indicating that while some respondents have a clear and strong understanding of the benefits, others remain uncertain or inconsistent in their views. This inconsistency suggests that promotional efforts and educational campaigns by insurance companies may not be reaching all segments of the market equally, or that they may not be sufficiently persuasive in communicating the importance of special perils coverage.

The findings of this study align with previous research on the impact of knowledge on purchase intentions. Akotey et al. (2011) demonstrated that knowledge is a key factor in driving demand for microinsurance in Ghana. Similarly, Nomi and Sabbir (2020) found that financial literacy has a significant positive effect on consumers' intentions to purchase life insurance in Bangladesh. Lajuni et al. (2020) further emphasized that both consumer knowledge and attitudes significantly influence the intention to purchase life insurance products. Collectively, these studies underscore the essential role of knowledge in shaping insurance-related purchasing behavior.

For insurance companies, these findings present a significant opportunity to enhance consumer education and targeted marketing strategies. The relatively low mean scores for satisfaction with existing comprehensive policies and the variability in knowledge suggest that many consumers may not fully realize the limitations of their current coverage and the additional protection that special perils coverage can provide.

Insurers could capitalize on this by developing more comprehensive and targeted promotional campaigns that not only highlight the financial benefits of special perils coverage but also address common misconceptions or gaps in knowledge. For example, personalized marketing that illustrates real-world scenarios where special perils coverage could save policyholders from a substantial financial loss might resonate more effectively with consumers who are currently undecided or unaware of its importance.

Moreover, insurance companies could benefit from offering incentives such as discounts or bundled packages that make the extension of special perils coverage more attractive. By aligning these promotional efforts with educational content that clarifies the risks of not having such coverage, insurers could increase both the uptake of special perils policies and overall customer satisfaction.

H2: Promotion significantly impacts vehicle owners' intentions to extend special perils coverage in motor insurance.

The mean scores for the items related to promotion, ranging from 3.07 to 3.36, with standard deviation values between 0.592 and 0.652, suggest a general but moderate level of satisfaction among respondents with the promotional efforts of insurance companies regarding special perils coverage. While these scores indicate that respondents are aware of the promotional activities, the moderate range of satisfaction also highlights that there is significant room for improvement in how these promotions are perceived and their overall effectiveness.

The findings of this study are consistent with those of Al-Rawashdeh (2016), who identified promotion and advertising as significant drivers of insurance policy demand. Similarly, Guan et al. (2020) found that elements of the marketing mix, including product, price, place, and promotion, influence customer attitudes and ultimately their purchase intentions for insurance products. In addition, Cuong (2021) revealed that promotion plays a positive role in both purchasing decisions and repurchase intentions.

The relatively modest mean scores reflect a level of consumer awareness and satisfaction that is neither strongly positive nor negative. This suggests that while respondents are not entirely dissatisfied with the promotional efforts, they are also not fully convinced or sufficiently motivated by them. The consistency in

advertising efforts is acknowledged, as indicated by the standard deviation values, but these efforts may not be as impactful as they could be.

One potential reason for this moderate level of satisfaction could be that the promotional messages currently in use may not be sufficiently compelling or may lack the clarity needed to fully convey the benefits of special perils coverage. Furthermore, the findings indicate a gap in consumer awareness regarding which specific insurance companies offer this coverage. This gap suggests that the current promotional strategies may be too generic or too focused on the benefits of the coverage itself, without adequately highlighting the providers.

For insurance companies, these findings underscore the need to refine their promotional tactics. To increase consumer satisfaction and awareness, insurers might consider focusing on clearer, more targeted messaging that not only emphasizes the advantages of special perils coverage but also specifically identifies the companies that provide it. This approach would help to differentiate insurers in a competitive market and make it easier for consumers to make informed decisions.

Additionally, insurers could benefit from adopting a more segmented promotional strategy, where messages are tailored to different consumer groups based on their specific needs and levels of awareness. For example, more detailed information about coverage options could be provided to less informed consumers, while more value-driven messaging could be targeted at those who are already somewhat aware of the coverage but need an extra incentive to purchase.

Enhancing the visibility and clarity of promotions through various channels—such as digital media, social platforms, and direct marketing—can help ensure that the message reaches a broader audience. Furthermore, interactive and educational campaigns that engage consumers and provide them with the tools to compare and choose the best coverage could significantly increase their confidence in purchasing decisions.

H3: Benefits significantly impact vehicle owners' intentions to extend special perils coverage in motor insurance.

The mean scores for the items related to the perceived benefits of special perils coverage, which range from 3.67 to 3.89, with standard deviation values between 0.549 and 0.842, highlight a strong consumer recognition of the financial advantages associated with this type of insurance. These high mean scores suggest that respondents place considerable value on the ability of special perils coverage to mitigate financial risks, particularly those arising from natural disasters that could otherwise lead to significant out-of-pocket expenses for vehicle repairs.

The data underscores that consumers recognize the intrinsic value of special perils coverage, especially in terms of financial protection. The higher end of the mean score range (3.89) indicates a strong appreciation for the role of this coverage in transferring the burden of financial risk to the insurance company. This suggests that consumers are highly motivated by the peace of mind that comes with knowing they are protected from unforeseen financial liabilities, which is a critical factor in their decision to purchase this coverage.

The relatively narrow range of standard deviation values also suggests a consensus among respondents about the perceived benefits, indicating that these positive perceptions are widespread and not limited to specific subgroups. This broad agreement reinforces the idea that financial security is a universal concern among vehicle owners, making special perils coverage an attractive option across different demographics.

However, the slightly lower mean score of 3.67, associated with the desire for broader protection, points to an area where consumer expectations are not fully met. While respondents appreciate the current benefits, this finding reveals a demand for even more comprehensive coverage. Consumers seem to believe that while special perils coverage provides valuable protection, there could be additional features or broader coverage options that would further enhance its value.

The findings of this study are consistent with Dzulkpli et al. (2017), who identified attitude and perceived benefits as the primary factors influencing the intention to purchase medical and health insurance, with the

highest mean score values. Similarly, Yeow et al. (2021) revealed that perceived financial benefits significantly impact the intention to purchase health insurance.

For insurance companies, these findings present both a confirmation of the value proposition of special perils coverage and an opportunity for product innovation. The high mean scores related to financial security and risk mitigation should encourage insurers to continue emphasizing these aspects in their marketing and communication strategies. However, the identified gap in perceived coverage breadth suggests that insurers could differentiate themselves by offering expanded or customizable coverage options that address the specific needs and concerns of their customers.

For instance, insurers might consider developing new policy features that extend protection beyond the standard offerings, such as coverage for a wider range of natural disasters or additional services like emergency assistance. These enhancements could be promoted as part of a premium package, catering to consumers who are willing to pay more for greater peace of mind.

Additionally, targeted marketing campaigns that highlight these expanded options could appeal to consumers who are already inclined to purchase special perils coverage but are seeking more comprehensive protection. By addressing the unmet needs revealed by the lower mean score, insurers can not only meet but exceed customer expectations, potentially leading to higher satisfaction rates and a stronger competitive edge in the market.

Conclusion

The findings of this study underscore the urgent need for a more sophisticated and strategic approach to consumer education and marketing within the motor insurance industry. By identifying and addressing gaps in consumer knowledge and effectively communicating the tangible benefits of special perils coverage, insurers have the potential to significantly enhance consumer understanding. This, in turn, can reduce variability in risk perception and drive higher adoption rates of these crucial policies.

As climate-related risks become increasingly frequent and severe, insurance companies are presented with a unique opportunity to strengthen their market position by refining their promotional strategies. Implementing targeted, informative, and differentiated marketing efforts can not only elevate consumer satisfaction but also build stronger customer loyalty and trust. By expanding the scope of protection and tailoring coverage to meet the evolving needs of their customers, insurers can increase the perceived value of their offerings and position themselves as industry leaders in innovation and customer care.

Ultimately, the successful execution of these strategies could contribute to a more resilient and adaptive motor insurance market, one that is better equipped to tackle the challenges posed by climate change and shifting topographical risks. This proactive approach would not only benefit consumers by providing them with more comprehensive protection but also ensure long-term growth and sustainability for insurers that are willing to take the lead in this critical area.

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