

Public Perception Towards Insurance Companies in Malaysia

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Abstract: Nowadays, the insurance sector is regulated and driven by profit maximization, just like other providers of financial services. We have been taught that insurance is essential for peace of mind, yet customers generally have a poor perception of insurance providers, and this view is even more evident among younger clients who are so important to the industry's future. The objective of this study is to investigate factors that influence public perception of insurance companies in Malaysia, including fraud, claim settlement, and knowledge. The study adopted a cross-sectional survey research design. This survey was conducted using questionnaires and 110 randomly selected insurance policyholders. The study's findings suggest that the public's perception of insurance companies is significantly influenced by knowledge. As a result, this outcome will assist insurance companies in developing new formulas that take the criteria mentioned above into account to serve the public interest.

Keywords: *Public Perception, Fraud, Claim Settlement, Knowledge.*

1. Introduction and Background

Over the last few decades, Malaysia's insurance business has grown steadily, owing to increased knowledge of insurance products, rising disposable income, and an expanding middle class. From the physical effects of climate change to the subtle shifts in demography and consumer and public needs, proactive evaluation of emerging risks and trends is not only a strategic decision but a requirement for being relevant in a changing world. Insurance services can be defined as a product in the form of a written legal contract. Insurance services are complex, and future contingent services will involve substantial legal characteristics. It is proven that insurance services are different from other services (Kandil et al., 2024). According to *Malaysian Insurance Highlights 2024*. (2024), insurers will not only proactively assess climate risk to develop policies that respond to consequences but also build resilience. By integrating climate models and projections into risk assessments, insurers can tailor products that not only protect their customers but also contribute to the broader societal goal of sustainability.

As stated by Global data (2022), the Malaysian insurance industry is projected to grow at a compound annual growth rate (CAGR) of 8.4% from RM73.1 billion in 2021 to RM109.6 billion in 2026, in terms of written premium, led by the life insurance and pension segment. In addition, they also highlight that Malaysia's insurance industry grew by 7.6% in 2021 after declining by 2.8% in 2020 due to the COVID-19 pandemic-induced economic slowdown. The background of the study highlights the issue of public perceptions towards insurance companies in Malaysia, as well as the independent variables, which are fraud, claims settlement, and knowledge of insurance.

Problem Statement: The purpose of this study is to determine the negative perception issues towards insurance companies that exist among the public in Malaysia. The study examines the public perception of insurance due to fraud incidents involving insurance companies, the majority of which involve unlicensed insurers in Malaysia. Some people refuse to buy insurance as they have low trust in insurance companies and agents (Kristabel et al., 2024; van der Crujisen et al., 2023). Inexperienced consumers are afraid because they might misunderstand the insurance contracts, which may result if they accept the contracts, leading to fraud issues (Tennyson, 2002). Insurance fraud in Malaysia is rampant, and it takes insurers' costs up to one billion ringgit per year (Paultan, 2021). It also reported that 62% of Malaysians are willing to commit fraud to file an insurance claim (Asian Insurance Review, 2023). Thus, it reduces the perception that insurance companies exist because of the risks of fraudulent claims made by the insured to the insurer. Customers evaluate the actual

performance of insurance firms when their claims are settled rather than just during the initial policy sale and payment of claim letters. It is considered the primary service that insurance businesses provide to the community (Dick & Basu, 1994). Once the insurance companies failed to provide claim settlement timely and ethically, people started to inquire about the insurer's capability in claim settlement (Basaula, 2018).

The objective of this research is to examine the relationship between fraud, claims settlement and knowledge of insurance with the public perception towards insurance companies in Malaysia. The significance of this study is to address the public's ongoing mistrust of insurance firms, which may cause individuals to decide against getting any insurance at all. Additionally, the study can assist individuals in shifting their perspective on the insurance industry. Other than that, the insurance firms themselves ought to step up their efforts to inform customers about the value of insurance and enable them to discern between unlicensed and licensed providers.

In addition, the general public should be able to comprehend the reasons insurance companies postpone paying an insured's claim, as there are several causes for this delay. One of the reasons is that insurance companies must first have sufficient evidence before proceeding with claim settlement. To get sufficient evidence, the insurer must conduct a comprehensive investigation and look into the insured's profile, background, claims history, and many other details. This study contributes to a better public knowledge of the causes of problems like delayed claims.

Lastly, insurance companies can benefit from this study. They possess the ability to discern the unfavorable opinions held by others towards them. Based on this knowledge, they can take steps to improve their reputation. To enhance consumer confidence in insurance purchases, companies can provide comprehensive information about their operations and offer products that are suitable and competitively priced for the broader population.

2. Literature Review

Public Perception Towards Insurance Companies in Malaysia: Perception can be defined as the process by which an individual receives, selects, organizes, and interprets information to create a meaningful picture of the world. Hence, individuals act and react based on their perceptions, not based on objective reality (Durmaz-Drinkwater et al., 2020). Perceptions have almost similar meanings with attitude. Attitude can be defined as an individual or a group of people behaving toward a given object, whether favorably or unfavorably (Schiffman et al., 2013). Kotler et al. (2018) Claimed that people have attitudes towards everything. The main function of insurance is to act as a risk transfer mechanism to protect against losses (Edward et al., 2014). An insurance company is an organization that conducts insurance business, whereas a negative perception is a bad view of something. This sector offers a diverse range of insurance products, primarily divided into life insurance and general insurance.

Life Insurance: According to Globaldata (2022), the life insurance and pension segment accounted for 75.8% of written premiums in 2021 and it is expected to grow at a CAGR of 9.5% during 2021-26. Life insurance is a form of risk management for all individuals as it protects against unforeseen events that may put an individual's life in danger. It is an agreement between the insured and insurer in the form of insurance manifested so that the insurer will compensate for financial losses suffered by the insured in return for money called a premium (Edward et al., 2014). A life insurance policy in Malaysia is most appropriate for individuals who have financial dependents. Thus, it is not required for children or retirees who are no longer generating income or have financial dependents. The primary objective of life insurance is to safeguard the insured's dependents and close ones financially in the case of their untimely death. The dependents may afford to make a decision that best maintains their quality of life when they are sufficiently insured. The death benefit can help replace lost income and cover outstanding debts, mortgage payments, and daily living expenses, ensuring that the insured's dependents' financial well-being is safeguarded. Tax exemptions are available in Malaysia for life insurance premiums, offering a significant chance to save taxes. The total tax burden might be lowered by claiming the life insurance premiums you pay as tax relief. Life insurance helps to reduce financial uncertainties for individuals in old age, provides for the next of kin financially and eases the burden on dependents when the individual meets with sudden death (Zain, 2015). Life insurance was developed in response to the tendency of everyone to provide for their security and that of those dear to them in the event of loss due to death or

disability (Dass, 2014). There are several varieties of life insurance available to satisfy a wide range of customer requirements and preferences. The decision of whether to choose temporary or permanent life insurance will be heavily influenced by the short or long-term demands of the insured individual or their family members. For as long as the policy is in effect, life insurance pays out, also known as a benefit to the insured or dependents in the event of the insured's death or total and permanent disability (TPD). There are two types of life insurance policies: whole life insurance and term life insurance. Thus, the word "during the policy period" is crucial. Term life insurance typically provides coverage for a specific period, such as 10, 20, or 30 years. The Insured's dependents will profit if the insured passes away or gets TPD during this time; otherwise, the insured and the dependents will not get anything. Conversely, whole life insurance provides lifetime coverage; however, the premium is substantially greater than that of term insurance.

However, some of the coverage is not available in life insurance. Hence, medical and health insurance is one of the options that can be considered for purchase by the insured. It helps to cover the cost of hospitalization and treatment or provide financial support if the Insured has an illness or an accident. In addition, medical and health insurance is a financial contribution plan that requires monthly or yearly payments (The Malaysian Insurance Institute, 2019). Malaysia has a public healthcare system, which allows people to receive free or low-cost medical care at government facilities. The healthcare system, however, works in tandem with private institutions. Without private medical insurance, Malaysians would have to pay significantly more for treatment in private facilities, where patients frequently receive a higher degree of care than in congested public hospitals. Hence, it is one of the reasons why medical insurance is widely used in the country.

General Insurance: General insurance comprises insurance for property against fire and burglary, floods, storms, earthquakes, and others. General insurance covers personal insurance, including insurance against accidents, health insurance and liability insurance. Besides that, it also covers errors and omissions, insurance for professionals, credit insurance, and a few more. The premium payment is in advance, which means that general insurance policies are annual (Nawi et al., 2011). According to Insurance Asia (2022), Malaysia's general insurance industry is projected to reach \$5.5 billion in 2026, growing at a compound annual growth rate (CAGR) of 4.6%. In addition, the Malaysian general insurance industry's development will be aided by increased automotive sales as well as excellent performance in property insurance due to the country's expanding building activity. Malaysia registered almost 600,000 new passenger vehicles in 2022. The Road Transport Act of 1987 requires all vehicle owners to have proper motor insurance. Thus, it has caused the net premium value of automobile insurance to surpass eight billion Malaysian ringgit in 2022 (Siddharta, 2023). Even though there are many different kinds of motor insurance policies that cover everything from loss and damage to daily transportation expenses if the insured's vehicle is stolen or needs repairs, there are two primary categories depending on the scope of coverage which are comprehensive and third-party liability. The comprehensive policy basically will offer extensive coverage. In addition, it also assists in covering expenses resulting from loss or damage to the insured's car, as well as in covering third-party liability. Third-party liability is the most fundamental and popular kind of motor insurance. In essence, this coverage will pay for the damages if the insured's vehicle causes harm or loss to the third party. In other words, the motor insurance coverage will pay the third party back for any damages incurred if injured in an accident that results in damage to their vehicle. More significantly, according to the Road Transport Act 1987, all vehicle owners are required to purchase third-party insurance coverage (The Malaysian Insurance Institute, 2019).

Fraud: Fraud is defined as applying the methods of deception or any device that would culminate in an individual or group gaining advantages over others by making wrong suggestions or not telling the truth, which includes all surprises, tricks, cunning or dissembling, in any unfair way (Singh et al., 2024). Economists stated that fraud is a major threat to the economy because fraud can occur more during bad or unstable economic conditions within an organization or sometimes in the country (Gill, 2011). Insurance fraud can occur in many ways. There are many different stages of severity in insurance fraud, going from build-up to planned criminal fraud through opportunistic fraud. Usually, insurance fraud refers to the insured misreporting the magnitude of their losses or making a fake report on an accident that never occurred, but it can also exist when the insured does not disclose relevant information (Singh et al., 2024). Insurance fraud is caused not only by the insured but also by the insurance company. In terms of the healthcare insurance system, fraud is widespread and very costly as it involves intentional deception or misrepresentation intended to get an unauthorized benefit. It cannot be denied that health insurance fraud is increasing every year (Rawte & Anuradha, 2015). Insurance

fraud is considered one of the most significant challenges to the financial stability of the insurance market (Jung & Kim, 2021). In Malaysia, there is no official estimates have been calculated by any authorities or governmental bodies, although there have been many insurance fraud cases reported during the last few decades (Mohamed, 2013).

Insurance or takaful fraud can be defined as any deliberate deception or dishonesty committed against or by an insurance company or takaful operator, insurance or takaful agent or consumer for unauthorized financial gain. It can occur or may be committed by different parties, such as policyholders, third-party claimants, intermediaries and professionals who provide the services to claimants. (Mohamed, 2013). Olalekan Yusuf and Rasheed Babalola (2009) Claim that insurance fraud can be categorized into four categories: internal fraud, policyholder fraud, intermediary fraud, and insurer fraud. Based on this analysis, it is hypothesized that:

H1: There is a relationship between fraud and public perception towards insurance companies in Malaysia.

Claim settlement: Claim settlement is very important in the implementation of an insurance policy. The success of insurance companies largely depends on claim settlement. (Basaula, 2016, 2018). The regulators are very much concerned with the insurer's solvency position because the protection of the policyholders is of prime importance to the regulator, as well as the protection of investors and other stakeholders by ensuring that the insurer provides an accurate representation of their financial standing (Yadav & Mohania, 2013). The requirement for outstanding claim provision is due to the delay between the claim event date and the claim settlement date. This delay depends on how long it takes from the day a loss occurs until the claim is settled and paid out to the policyholders. Delays in claims are contributed to by the long-term cost of losses (Boadi et al., 2017). According to Basaula (2017), the insured has the right to receive the amount under the policy of the insurance contract as promised by an insurer, namely a claim. Claim settlement is a very important part of every insurance company. Claim settlement and customer service are the more important factors rather than other factors in insurance. (Edward et al., 2014). In the context of insurance, both service quality and product quality are critical determinants of customer satisfaction. Recent literature emphasizes how these dimensions influence consumer choices and perceptions, ultimately affecting their overall satisfaction with insurance products and services (Przybytniowski, 2023; Tjizumaue & Govender, 2019). Increasing the perception of service quality will also increase consumer awareness and satisfaction. Hence, delay in claim settlement will affect consumer satisfaction.

Yadav and Mohania (2013) stated that people buy a life insurance policy to cover any unfortunate events. However, insurance companies need to focus more during the claim settlement, not only at the time of purchasing policies. Insured expects to have a fair claim settlement process when needed. The likelihood of consumers purchasing insurance is significantly influenced by the presence of delays and bottlenecks in the purchasing process (Honka, 2014). The claim settlement process needs to be done as smoothly as possible so that at the time of need, the insured will not suffer due to the complexity of the claim settlement process. It is, therefore, hypothesized that:

H2: There is a relationship between claim settlement and public perception towards insurance companies in Malaysia.

Knowledge: Insurance is not a new concept, and most people are familiar with it. Insurance has not been available in rural areas because of low awareness among the rural population (Madhukumar et al., 2012). Rural people have less knowledge about insurance and claim that insurance should never be considered an option because they were assumed to be poor to save and pay premiums. Awareness and knowledge of the uses and importance of insurance are related to insurance consumption. It indicates that the higher the level of an individual awareness of a thing, the more likely a person will appreciate its value. Lack of awareness and knowledge are major problems related to insurance consumption (Honka, 2014). In the past, the insurance industry faced difficulties in surviving because insurance is a complex product and is hard to understand due to ignorance of insurance. However, this situation has changed, and insurance become necessary for consumers due to consumers become more educated and knowledgeable (Mamun et al., 2021). Despite that, there are still some people who have issues with insurance because of less education and knowledge. Mamun et al. (2021) also stated that other factors that contributed to the change of attitude are the problem of insolvent insurers and unfair trade practices. The insurance industry has been criticized for unfair and unreasonable delays in settlement claims, collusion and price fixing, poor service, incomplete and false information, and lack of

professionalism.

Knowledge of social group health differences is important in decision-making regarding health policies. Gwatkin (2000) Stated it is important to differentiate health status between rich and poor rather than the whole population due to differences in level of income and level of education. An educated individual will gain awareness of the product and processes, risks and opportunities as perceived by informed, describe a process by which an individual can receive and make the right decisions. (Muhammad Nasir et al., 2023; OECD, 2005). Hence, people who have less knowledge about insurance services will have heuristics in the course of their evaluation of the relevant offerings (Olalekan Yusuf & Rasheed Babalola, 2009). Therefore, education helps an individual to increase their awareness of financial fraud. Consequently, it is hypothesized that:

H3: There is a relationship between knowledge and public perception towards insurance companies in Malaysia.

3. Research Methodology

This article aims to focus on the quantitative research method, which includes descriptive and causal studies to conduct this research. The objective of a descriptive study is to obtain data that describes the topic of interest. It is designed to collect data that describes the characteristics of objects, events or situations. (Sekaran & Bougie, 2016). A descriptive study will explain more about the reason people have negative perceptions towards insurance companies. The factors proposed are fraud, claim settlement, and knowledge (independent variables), along with public perceptions towards insurance companies (dependent variable). Apart from that, correlational studies have also been applied to investigate the relationship between dependent variables and independent variables. The purpose is to investigate the relationship between public perceptions towards insurance companies in Malaysia (dependent variables) and independent variables (fraud, claim settlement and knowledge). A total of 110 questionnaires were obtained from randomly selected insurance policyholders.

4. Results

This section presents sets of results relating to the public perceptions towards insurance companies in Malaysia regarding fraud, claim settlement, and knowledge.

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

Table 1: Demographic and Geographic Information About Respondents (n=110)

VARIABLE	FREQUENCY	PERCENTAGE
Gender		
Male	58	52.7 %
Female	52	7.3 %
Race		
Malay	67	60.9 %
Chinese	21	19.1 %
India	16	14.5 %
Others	6	5.5 %
Age		
18 – 25 years	48	43.6 %
26 – 35 years	29	26.4 %
36 – 45 years	23	20.9 %
46 and above	10	9.1 %
Education level		
SPM	50	45.5 %
Diploma	25	22.7 %
Degree	30	27.3 %
Master and PhD	5	4.5 %

Marital status		
Single	56	50.9 %
Married	50	45.5 %
Divorce	4	3.6 %
Monthly income		
RM 1000 and below	23	20.9 %
RM 1001 to RM 2500	50	45.5 %
RM 2501 and above	37	33.6 %
Occupation		
Government	26	23.6 %
Private sector	49	44.5 %
Own business	35	31.8 %

Reliability Analysis: Reliability Analysis was used to determine the consistency of the variables as shown in Table 2 below.

Table 2: Reliability Analysis

VARIABLE	NO OF ITEM	Cronbach Alpha
Public perception towards insurance companies	10	0.912
Fraud	10	0.753
Claim settlement	10	0.676
Knowledge	10	0.749

Reliability Statistics: Reliability Statistics display the overall consistency of the variables as shown in Table 3 below.

Table 3: Reliability Statistics

CRONBACH'S ALPHA	NO OF ITEM
.841	40

Descriptive Statistics: Descriptive statistics for the perception of insurance policyholders towards the insurance companies were conducted, and Table 4 below displays the outcome.

Table 4: Descriptive Statistics

VARIABLE	MEAN	STD. DEV.
Public perception towards insurance companies	2.77	0.91
Fraud	2.65	0.74
Claim settlement	2.95	0.87
Knowledge	3.05	0.71

Based on the above table, the highest mean score was knowledge, followed by claim settlement, public perception towards insurance companies and fraud. This result indicates that the respondents had appropriate knowledge of the insurance that they purchased.

Table 5: Descriptive Statistics About Public Perception Towards Insurance Companies in Malaysia

ITEMS	MEAN	STD. DEV.	N
I believe in insurance companies.	2.83	1.14	110
Insurance companies are trustworthy.	2.85	1.284	110
I believe insurance companies fulfill promises promptly toward claim settlement.	2.74	1.27	110
I believe insurance companies understand customer needs.	2.63	1.23	110
I believe insurance companies are concerned about customer's problems.	2.55	1.18	110
The behavior of insurance companies enhances my confidence to	3.27	1.19	110

purchase insurance coverage.

Insurance companies communicate well with their customers.	3.26	1.24	110
Insurance companies provide services at the time they promise to do so.	2.57	1.281	110
Insurance companies are always willing to help me.	2.56	1.18	110
An insurance company provides attention to each customer individually.	2.46	1.25	110

The highest mean, as shown in the above table, is item number 6, which is 3.27, whereas the lowest mean is item number 10. The highest range for standard deviation is item number 2, and the lowest range is item number 1.

Table 6: Descriptive Statistics About Public Perception Towards Fraud

ITEMS	MEAN	STD. DEV.	N
I understand insurance fraud very well.	3.02	1.39	110
I do not buy insurance coverage from insurance a company that operates far away from my living place.	2.39	1.44	110
There is always an increase in the cost of insurance without apparent reason.	2.95	1.44	110
Intermediaries (agents or brokers) often change their addresses.	2.26	1.11	110
There are many intermediaries (agents or brokers) who operate without a proper license.	2.70	1.31	110
Insurance companies should monitor closely their agent or brokers to determine if they are fit and proper.	2.87	1.48	110
I believe insurance companies have strategic plans to control fraud.	2.55	1.20	110
I always suspected fraud may occur before buying insurance coverage.	2.98	1.45	110
Insurance companies have taken fraud as a serious issue.	2.62	1.24	110
Insurance fraud has its pros and cons.	2.11	1.14	110

The highest mean, as shown in the above table, is item number 1, which is 3.02. The lowest mean reported is 2.11.

Table 7: Descriptive Statistics About Public Perception Towards Claim Settlement

ITEMS	MEAN	STD. DEV.	N
Better claim settlement could influence the insurance companies' profits.	2.79	1.49	110
The majority of insurance companies follow the proper claim settlement process.	2.83	1.31	110
The customer is aware of the claim settlement process.	3.08	1.42	110
Insurance companies should update regularly for better claim settlement process.	3.33	1.30	110
My decision to purchase insurance products depends on the claim settlement process.	2.85	1.43	110
I rate the quality of services based on claim settlement.	2.98	1.54	110
I believe delays in claim settlement are unnecessary.	3.25	1.56	110
There is always a dispute regarding the amount of the claim.	2.83	1.50	110
I take into consideration the claim settlement process before purchasing an insurance product.	3.06	3.27	110
The insurance company purposely delays the claim settlement.	2.46	1.37	110

As shown in Table 6, item number 4 has the highest mean, which is 3.33, whereas item number 10 has the lowest mean, which is 2.46. The highest range for standard deviation is item number 9, which is 3.27, and the lowest range is item number 4, which is 1.30.

Table 8: Descriptive Statistics About Public Perception Towards Knowledge

ITEMS	MEAN	STD. DEV.	N
I believe that insurance coverage is useful.	3.25	1.35	110
I believe that insurance coverage is necessary.	3.29	1.28	110
I believe buying insurance coverage is wasting of money.	2.79	1.23	110
I understand very well about insurance policy.	2.81	1.22	110
Having insurance coverage makes me feel protected.	2.98	1.26	110
Insurance companies should regularly collect information about customer needs.	3.23	1.15	110
Insurance companies should perform activities based on knowledge about customers.	2.95	1.24	110
My education level enables me to understand about insurance.	3.05	1.30	110
Insurance coverage is for those who have higher incomes.	2.97	1.40	110
Insurance coverage can ease the burden on family members	3.19	1.33	110

As shown in the above table, the highest mean is item number 2, which is 3.29, whereas the lowest mean is item number 3, whose value is 2.79. The highest range for standard deviation is item number 9, which is 1.40, and the lowest range is item number 6, which is 1.15.

Correlation Analysis: This analysis was used to determine the effect of one independent variable on the other dependent variables (fraud, claim settlement, and knowledge). The results are displayed in Tables 9, 10, and 11 below.

Table 9: The Relationship Between Public Perception Towards Insurance Companies in Malaysia and Fraud

		PUBLIC PERCEPTION TOWARDS INSURANCE COMPANIES IN MALAYSIA	FRAUD
Public perception towards insurance companies	Pearson Correlation	1	-.156**
	Sig. (2-tailed)		.104
	N	110	110
Fraud	Pearson Correlation	-.156**	1
	Sig. (2-tailed)	.104	
	N	110	10

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

The above table shows that the Pearson Correlation for the fraud variable is -0.156, which can be concluded as a weak correlation. It also can be concluded that there is a negative relationship between public perception of insurance companies in Malaysia and fraud. Furthermore, the sig. The value (p-value) of this variable is 0.104, which means there is no statistically significant relationship correlation between fraud and the public perception of insurance companies in Malaysia.

Table 10: The relationship between public perception towards insurance companies in Malaysia and claim settlement

		PUBLIC PERCEPTION TOWARDS INSURANCE COMPANIES IN MALAYSIA	CLAIM SETTLEMENT
Public perception towards insurance companies	Pearson Correlation	1	.002**
	Sig. (2-tailed)		.987
	N	110	110
Claim Settlement	Pearson Correlation	.002**	1
	Sig. (2-tailed)	.987	
	N	110	110

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

According to the table above, the Pearson correlation for the claim settlement variable is 0.002, which indicates a weak correlation. In addition, the table indicates a positive correlation between claim settlement and the public's perception of insurance companies in Malaysia. Furthermore, the sig. The value (p-value) of this variable, 0.987, indicates that the correlation is not significant. As a result, there is no significant correlation between claim settlement and public perception towards insurance companies in Malaysia.

Table 11: The Relationship Between Public Perception Towards Insurance Companies in Malaysia and Knowledge

		PUBLIC PERCEPTION TOWARDS INSURANCE COMPANIES IN MALAYSIA	KNOWLEDGE
Public perception towards insurance companies	Pearson Correlation	1	.699**
	Sig. (2-tailed)		.000
	N	110	110
Knowledge	Pearson Correlation	.699**	1
	Sig. (2-tailed)	.000	
	N	110	110

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

According to the table above, the knowledge variable has a Pearson correlation of 0.699, which is moderate. It also shows that there is a positive correlation between knowledge and public perception of insurance companies in Malaysia. It demonstrates that there is a statistically significant relationship between knowledge and the public's perception of insurance companies. Therefore, we can conclude that knowledge significantly influences public perceptions of insurance companies in Malaysia.

Discussion

Based on the result obtained from Table 1, a total of 52.7% and 47.3% of Males and Females, respectively, experienced insurance purchases differently. This result suggests that two segments can be formed to design marketing programs, thereby positioning the organizations in the minds of customers. Besides that, respondents between 18 – 25 years constituted the highest number of those purchasing insurance policies. Also, a total of 45.5% of the customers from the middle-class purchase insurance policies. As we can see, the majority of the respondents have insurance policies, and it consist of varieties of insurance policies. Consequently, insurance companies can target these groups as separate market segments to design customer experience programs, create effective advertising and marketing campaigns, and position the offerings of insurance products in the minds of customers.

The Cronbach Alpha indicates how well the items in a set are positively correlated to each other. The closer the Alpha to 1, the higher the internal consistency and reliability. Cronbach's Alpha, which is below 0.60, is considered poor. 0.61 to 0.70 can be considered moderate, 0.71 to 0.80 are good, 0.81 to 0.9 is considered very good, and Cronbach Alpha above 0.90 is considered excellent(Hair et al., 2022). Based on Table 2, public perception towards insurance companies is considered excellent since the Cronbach Alpha value is 0.912. Cronbach's Alpha for fraud is 0.753, which is considered good, and for knowledge, which is the value of 0.749. Claim settlement is considered moderate due to its Cronbach Alpha of 0.676.

Based on the result of Table 3, the value of Cronbach Alpha tested for the overall study is 0.841, which means the result is considered very good. It proves that the questions are reliable and suitable for use in this research.

According to Table 6, the highest mean value is 3.02, which represents question number 1, which is 'I understand insurance fraud very well'. It can be concluded that the public knows very well about how insurance fraud occurs and what kind of insurance fraud they might face. According to the research conducted by Salleh et al. (2018), the possibility for consumers to commit insurance claim fraud was present. Medical insurance is a particular type of insurance that requires insurance organizations to pay higher average expenses for claims. Consumers of medical insurance are knowledgeable of the advantages and benefits they could obtain from insurance organizations.

Apart from that, the findings in Table 7 show the highest value of the mean, 3.33, representing question number 4, which is 'Insurance companies should update regularly for better claim settlement process'. It can be concluded that insurance companies should keep informing their customer about how the process of claim settlement. It is believed that if insurance companies always update their consumer, it will improve the perceptions of the public about insurance companies. Claim settlement mechanisms should be strategically designed to imbibe mutually related ambiance between policyholders and insurers (Ajemunigbohun et al., 2022).

Based on the findings in Table 8, the highest value of the mean is 3.29, which represents question number, which is 'I believe that insurance coverage is necessary'. It can be concluded that the public understands the importance of having insurance policies for their benefit. It is justifiable to argue that easier-to-understand terminology would be more attractive for financially illiterate people to search for information related to life insurance products, which subsequently leads to a better understanding and better perception of these products (Sang, 2020).

5. Managerial Implications and Recommendations

In general, an insurance company's principal objective is to offer financial security and risk management to people, corporations, and organizations. The insurance industry is primarily built on risk management. All written policies are reviewed with various risks in mind, and actuarial analysis is undertaken to comprehend the statistical chance of specific outcomes better. Policyholder premiums or benefits are changed in response to differences between statistical facts and predictions. Besides that, combating fraud in the insurance business is a crucial concern that calls for a diversified strategy. Given the financial and reputational consequences of fraudulent activity, insurance firms must establish thorough monitoring techniques to protect the integrity of their operations. Effective monitoring not only assists in discovering and avoiding fraud but also develops a culture of openness and responsibility. As mentioned before, the public is aware of these fraud issues since they are afraid to face financial problems. Insurance companies should always monitor their employees, especially their agents, to avoid fraud from occurring or at least to reduce it. One of the strategies is to do regular audits and reviews, which have been an efficient technique to detect and prevent fraud. Insurance firms should perform regular and random audits of their agents' actions and claim processing. These audits should focus on evaluating transaction trends, ensuring compliance with corporate regulations, and detecting any irregularities or abnormalities. Companies that frequently monitor the activity of their workers and agents can detect fraudulent behavior early on and take remedial action before serious damage happens. Other than that, technology is becoming a critical component in the oversight of insurance agents. Customer relationship management (CRM) systems are crucial instruments that enable businesses to fully monitor customer information, sales activity, and agent interactions. CRM systems give managers real-time data and insights into the performance of their agents, allowing them to see patterns and areas in need of development. Specialized agent management software also tracks productivity, optimizes workflows, and streamlines monitoring procedures. Data analytics, which offers actionable insights from performance data, significantly improves monitoring capabilities. Insurance companies may utilize analytics to evaluate trends, anticipate possible problems, and make data-driven choices that will enhance agent performance.

Besides that, sustaining good standards among insurance agents necessitates ongoing training and professional growth. Agents are kept informed about changes in the industry, new goods, and best practices through regular training sessions. Through the use of skill evaluations, agents' knowledge and performance gaps may be found, enabling focused training to correct these gaps. In addition, insights about the conduct and performance of insurance agents can be gained from customer feedback. To evaluate the caliber of services rendered, insurance companies can get input via surveys, reviews, and face-to-face contact with clients. Agent professionalism and adherence to business standards can also be anonymously assessed using mystery shopping procedures, in which assessors assume the role of clients. Incentive schemes also can improve performance by connecting agents' goals with the company's objectives. Performance-based incentives reward agents who meet or exceed sales objectives, get high customer satisfaction scores and follow business standards. Recognition programs that highlight great achievements provide a good work atmosphere and encourage agents to maintain high standards. Apart from that, regular communication between management and agents is required for efficient monitoring. Scheduled meetings allow an opportunity to discuss performance, resolve problems, and provide

direction. Mentorship programs and specialized support teams are examples of support channels that aid agents in overcoming problems and improving their performance. Other than that, fraud detection is an important part of monitoring in the insurance sector. Companies should put in place fraud protection systems to watch for suspicious activity, such as strange transaction patterns or anomalies in customer information. It can be done through clear investigative processes for suspected fraud that will guarantee that any inconsistencies are addressed quickly and efficiently. By implementing these all-encompassing tactics, insurance companies can guarantee that their representatives maintain the greatest levels of professionalism and integrity while also making a beneficial contribution to the company's performance.

Based on the findings, knowledge can change people's perceptions. Thus, insurance companies should take this chance to expose insurance knowledge to the public. In the insurance market, a policyholder's comprehension of their insurance coverage is critical for making educated decisions, managing risks efficiently, and properly utilizing their policies. A knowledgeable policyholder is not only more likely to be happy with their insurance company but also less likely to face unanticipated issues or conflicts over their coverage. Implementing thorough onboarding and education programs is an important first step in enhancing policyholder awareness. When new policyholders enrol, insurance firms should offer them unambiguous information regarding their coverage, including an in-depth explanation of policy terms, coverage limitations, exclusions, and the claims procedure. Onboarding materials should be user-friendly, including visual aids and interactive components to explain complicated concepts. Regular training events or webinars can also be provided to keep policyholders informed about changes in coverage, new products, or industry trends.

Besides that, creating and disseminating instructional content may greatly boost policyholder knowledge. Insurance businesses should spend time creating materials like blogs, articles, videos, and infographics that address all facets of insurance. Understanding policy terminology, risk management, and navigating the claims process are examples of topics that may be covered. These materials may be disseminated via the company's website, social media platforms, and email campaigns, allowing policyholders to access and interact with useful information easily. This action might also attract people from rural areas to gain knowledge and awareness about insurance products. Effective communication is essential for ensuring that consumers completely understand their insurance policies. Insurance companies may improve their expertise by using data analytics to offer targeted communications that meet the particular wants and concerns of individual consumers. Tailored messages might include policy changes, reminders for significant dates, and tailored advice based on their profile.

Furthermore, regular check-ins with policyholders will allow insurance companies to examine their coverage, address any changes in their situation, and advise them on how to maximize their benefits. Personalized communication strengthens insurer-client relationships, generating improved understanding and satisfaction. Educating policyholders on risk management and preventative measures is another excellent way to improve understanding. Insurance firms can provide customers with risk assessment tools and services to assist them in identifying and managing possible hazards. Sharing practical suggestions and best practices for avoiding losses or damages, such as home maintenance advice or safety precautions, enables policyholders to take proactive measures to safeguard themselves and their possessions. This technique not only expands knowledge but also minimizes the chance of claims.

Providing strong customer service is critical for responding to policyholder inquiries and concerns. Insurance companies should have specialized support teams to help policyholders with questions about plans, claims, and coverage. Live chat, help desks, and phone support may all give rapid assistance and address difficulties quickly. Insurance companies may improve comprehension and fill knowledge gaps by ensuring policyholders have access to competent and prompt help. Effective customer service reinforces information offered via other channels and fosters confidence. Apart from that, regularly gathering input from policyholders on their understanding of insurance products can give significant insights into areas where extra education is required. Surveys, feedback forms, and direct communication can aid in identifying common questions or misconceptions. Using this input to constantly update training materials, communication techniques, and support services ensures that insurance companies are attentive to their consumers' demands. This iterative process refines techniques and increases overall efficacy. As policyholders get a greater understanding of their insurance products, they will be able to manage their coverage, negotiate the claims process, and take proactive

risk mitigation measures. Finally, improving policyholder understanding leads to higher customer satisfaction, fewer claim disputes, and more efficient and successful insurance companies.

Conclusion

The objective of this paper was to examine the public perception of insurance companies in Malaysia, which is shaped by a complex interplay of knowledge. This study gives theoretical implications in terms of insurance perceptions studies, where knowledge is one of the significant determinants of the perceptions of insurance companies in Malaysia. Then on the practical implication, the insurers first may use these findings to enhance their image, strengthen customer connections, and contribute to the industry's overall success. As Malaysia's insurance business grows, an emphasis on openness, innovation, and customer-centric procedures will be critical to improving public perception and long-term viability. A company's reputation is shaped by its activities and community participation, which impact public perception as well. Participating in corporate social responsibility projects and community events and supporting social issues may help a company's image as a responsible and caring corporation. Positive word-of-mouth and comments from delighted consumers contribute to a favorable perception. These safeguards will also allow insurance businesses to secure their operations, reputation, and policyholder trust and confidence. As trust is built and maintained, policyholders are more likely to feel safe and appreciated, resulting in a stronger, more resilient connection between insurers and their customers. Apart from that, the insurance companies may use this finding to engage the knowledge of the individuals in Malaysia such as cultivating it through more awareness campaigns, and educational fairs targeted to all age groups and in all states in Malaysia. This can be done by boosting collaborations among industrial key players, higher learning institutions, financial institutions and related government bodies to spread insurance education to individuals in Malaysia.

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