

FACTORS DETERMINING THE CHOICE OF INSURANCE – RESEARCH RESULTS

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Abstract:

Customers' preferences concerning affordable and flexible solutions in insurance are a key motor in the insurance sector. Effectively implementing new insurance products is possible only after gaining thorough knowledge about customers, for example by determining their expectations and rationale behind their choices. Due to the progressing aging of the society the question arises whether popular, currently functioning insurance products are adequate to the elders' and seniors' needs. Therefore, considerations concerning rationale behind seniors' purchasing decisions in case of choosing an insurer or a particular insurance product are justified. What is more crucial – inherent features of a given insurance, like, for instance, insurer's liability, insured sum or the quality of an offered process – sales process, ongoing policy's service, or loss adjustment? What is the key determinant in case of choosing the insurer – their reputation, tradition and history or attributes concerning innovation and the novelty effect?

Elders' perspective differs significantly from the one of the general population, notably from the point of view of the young people. The reason behind it is that the elders have gained more experience, higher financial status, and have distinct risk perception. Due to the progressing demographic changes, both in Poland and in the whole European Union, this topic is considered to be prevailing and crucial, both from the perspective of the insurance sector and the whole society.

The present paper is devoted to the results of a survey conducted by the team of the Maria Curie-Skłodowska University's Faculty of Economics' employees, in cooperation with the students. The survey was conducted among 388 participants, all born before 1967. The aim of the research was to determine the correlation between the determinants of the choice of an insurance product, which were expressed as ordinal categorical variables, and socio-demographic variables, i.e. age, sex, place of residence, income, occupation and the number of members in the household. The main research hypothesis is: from the perspective of a senior the inherent features of a given insurance product are more significant than the factors connected with the sales process. The above mentioned relationships were determined with the usage of ordered logit models, where the dependent variables were insurance choice determinants and the regressors – socio-demographic variables.

Keywords: determinants of purchase, ordered logit model, insurance