Prospect the Relationship Between Financial Risk Perception and Risk Perception Among Insured Individuals: A Cross-Tabulation Analysis

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Abstract

This study investigates the intricate relationship between financial risk perception and general risk perception among insured individuals, employing a cross-tabulation analysis methodology. Understanding how individuals perceive financial risks in the context of their insurance coverage is crucial for insurers, policymakers, and researchers alike. The analysis draws upon data collected from a diverse sample of insured individuals, examining their perceptions of financial risks across various demographic and socioeconomic factors. By cross tabulating these variables, the study elucidates patterns and correlations, shedding light on the nuanced interplay between financial risk perception and broader risk perceptions. Insights gleaned from this research contribute to a more comprehensive understanding of risk perception dynamics within the insurance context, informing strategies for risk communication, policy development, and insurance product design.

Introduction

Risk perception plays a pivotal role in shaping individuals' decisions, behaviors, and attitudes towards various aspects of life, including financial security and insurance coverage. Within the realm of insurance, understanding how individuals perceive risk is of paramount importance for insurers, policymakers, and researchers alike. While the literature extensively explores risk perception in diverse contexts, relatively few studies have delved into the specific relationship between financial risk perception and general risk perception among insured individuals.

This paper aims to address this gap by conducting a cross-tabulation analysis to explore the intricate relationship between financial risk perception and risk perception among insured individuals. By examining the perceptions of both financial risks and overall risk within the context of insurance coverage, this study seeks to unravel the underlying patterns and associations that influence individuals' risk perceptions.

The importance of this investigation is underscored by the multifaceted nature of risk perception within the insurance domain. Insured individuals not only evaluate the likelihood of specific financial risks but also assess their broader susceptibility to unforeseen events and losses. Furthermore, their perceptions are shaped by various demographic, socioeconomic, and cultural factors, adding layers of complexity to the analysis.

By employing a cross-tabulation analysis methodology, this study aims to disentangle these complexities and offer valuable insights into the relationship between financial risk perception and general risk perception among insured individuals. Through the systematic examination of data collected from a diverse sample, this research seeks to uncover nuanced patterns, correlations, and disparities in risk perception across different demographic and socioeconomic groups.

The findings of this study are expected to contribute significantly to the existing body of knowledge on risk perception within the insurance context. Moreover, they hold practical implications for insurers, policymakers, and stakeholders involved in risk communication, policy development, and insurance product design. Ultimately, by gaining a deeper understanding of how insured individuals perceive risk, we can better tailor strategies to enhance financial resilience, promote informed decision-making, and mitigate risks effectively in the realm of insurance.

Literature Review

Raja (2009) found that savings rather than risk taking were the basic purpose of taking life insurance by the majority of the respondents. All of them were satisfied with the claim settlement procedure of LIC. They opined that the reliability of LIC was very good. The study revealed that agents highly influenced to the policyholders for purchasing policy and that a strong association was there between the reason for taking policies and demographic characteristics of the respondents. **Hemant Katole** (2012) investigated the age-wise difference in the perception of people in risk coverage and also focused on occupation-wise difference in the sum assured. The study identified that peoples' age did not influence their perception about the ideal risk cover. **Jasojit** (2015) examined the different types of asymmetric information problems in life insurance. The study shows that most of the respondents have heard about the life insurance plans in India. In public and private company, policyholders opined that their sources of information were agents/, officials/, advisors. They took policies because of risk coverage benefit

Need for the study

The need for this study stems from the critical importance of understanding how insured individuals perceive and evaluate financial risks within the broader context of risk perception. While existing research acknowledges the significance of risk perception in shaping individuals' behaviors and decisions, there is a notable gap in understanding the specific dynamics between financial risk perception and general risk perception among the insured population.

Objective of the study

To investigate the relationship between financial risk perception and risk perception among insured individuals using a cross-tabulation analysis.

Research Methodology

Research is the term used to describe a thorough and methodical exploration of pertinent facts. The principal objective of study is to uncover concealed truths that have yet to be unveiled, or to enhance the existing discoveries of prior research endeavors.

Data Collection Methods: Once an investigation issue has been identified, the process of gathering data commences. The research is predominantly based on empirical evidence. The data for the study was collected from a combination of primary and secondary sources.

Primary Source: Data (525 respondents) was gathered using well-structured questionnaires. Separate questionnaires were developed and distributed. The questionnaires included both open-ended and closed-ended questions.

Table-1.1
Risk Perception among Insured relating to Financial Risk perception

Financial Risk Perception	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	TOTAL
"Insured individuals assess potential losses, considering how events like property damage, medical expenses, or loss of income could affect their financial stability."	80	87	93	161	104	525
"Percentage"	15.24	16.57	17.71	30.67	19.81	100
"When assessing risk, insured individuals consider scenarios like property damage, medical expenses, or loss of income, acknowledging their impact on financial security."	68	63	174	126	94	525
"Percentage"	12.95	12.00	33.14	24.00	17.90	100
"Cost heavily influences life insurance purchasing decisions."	69	98	75	178	105	525
"Percentage"	13.14	18.67	14.29	33.90	20.00	100
"TOTAL"	217	248	342	465	303	**1575**
Source : Primary Data						

Figure -1.1
Risk Perception among Insured relating to Financial Risk perception
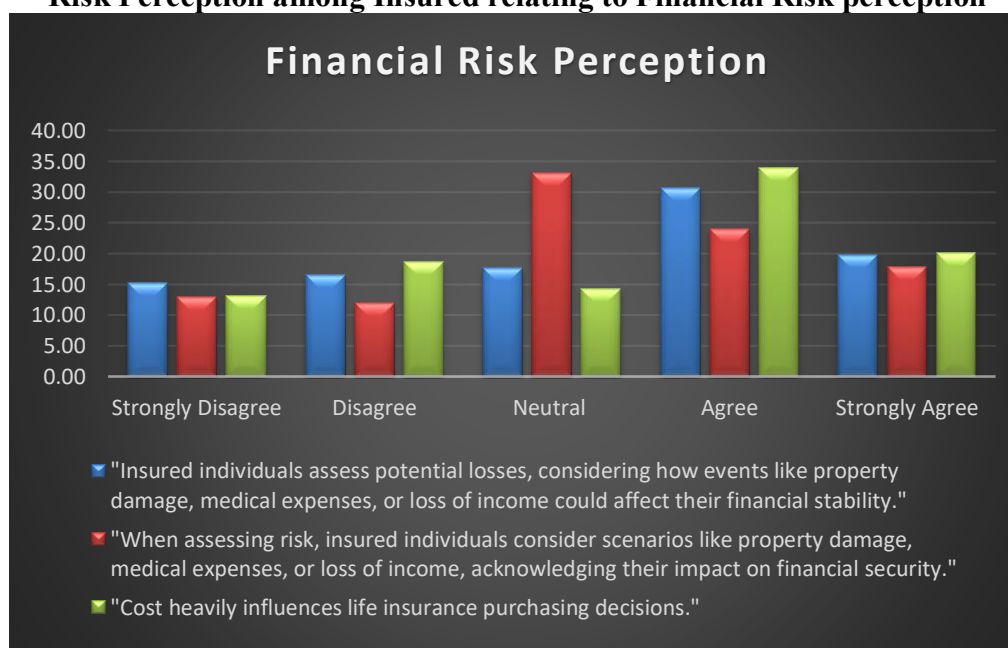

Table -1.1 depicts the opinion of the respondents on "Insured individuals assess potential losses, considering how events like property damage, medical expenses, or loss of income could affect their financial stability.". The majority of the respondents with 30.67% have stated "Agree" with the statement; followed by 19.81% of respondents who have mentioned "Strongly Agree". However, 17.71% of respondents expressed as "Neutral "While,16.57% of respondents have viewed "Disagree". Only, 15.24% of respondents have stated "Strongly Disagree".

Table-1.1 shows the opinion of the respondents on "When assessing risk, insured individuals consider scenarios like property damage, medical expenses, or loss of income, acknowledging their impact on financial security.". The majority of the respondents with 33.14% have stated "Neutral " with the statement; followed by 24% of respondents who have mentioned "Agree". However, 17.9% of respondents expressed as "Strongly Agree"While,12.95% of respondents have viewed "Strongly Disagree". Only, 12% of respondents have stated "Disagree".

Table-1.1 reveals the opinion of the respondents on "Cost heavily influences life insurance purchasing decisions.". The majority of the respondents with 33.9% have stated "Agree" with the statement; followed by 20% of respondents who have mentioned "Strongly Agree". However, 18.67% of respondents expressed as "Disagree"While,14.29% of respondents have viewed "Neutral ". Only, 13.14% of respondents have stated "Strongly Disagree".

Cross Table

A cross table, also known as a contingency table or crosstab, is a statistical tool used to summarize the relationship between two variables. It displays the frequency or count of observations that fall into various categories of both variables.

Cross Table-Age and Financial Risk Perception

Testing the Hypothesis

Null Hypothesis: There is no association between age and financial risk perception.

Table-1.2
Age group and Financial Risk perception

Age of the Respondents	Financial Risk Perception					
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Between 18-25 Years	7	9	11	3	7	37
Percentage	18.92	24.32	29.73	8.11	18.92	100
Between 26-35 Years	43	46	68	107	73	337
Percentage	12.76	13.65	20.18	31.75	21.66	100
Between 36-45 Years	16	21	27	42	18	124
Percentage	12.90	16.94	21.77	33.87	14.52	100
Between 46-55 Years	5	5	3	3	2	18
Percentage	27.78	27.78	16.67	16.67	11.11	100
Above 55 Years	1	2	5	0	1	9
Percentage	11.11	22.22	55.56	0.00	11.11	100
Total	72	83	114	155	101	525
Chi-square Value =	28.897a		P Value =		0.024643	

Source : Primary data – Analysis - Output SPSS

Cross table-1.2 shows the relationship between Age Group (18-25 years) and Financial Risk Perception .Among respondents in this age group, the majority with29.73% expressed "Neutral" perception; followed by 24.32% who "Disagree" with the given statement. Additionally,18.92% of respondents expressed as "Strongly Disagree"While,18.92% of respondents have viewed "Strongly Agree". Only, 8.11% of respondents have stated "Agree"

Cross table-1.2 shows the relationship between Age Group (26-35 years) and Financial Risk Perception .Among respondents in this age group, the majority with31.75% expressed "Agree" perception; followed by 21.66% who "Strongly Agree"with the given statement. Additionally,20.18% of respondents expressed as "Neutral"While,13.65% of respondents have viewed "Disagree". Only, 12.76% of respondents have stated "Strongly Disagree"

Cross table-1.2 shows the relationship between Age Group (36-45 years) and Financial Risk Perception .Among respondents in this age group, the majority with33.87% expressed "Agree" perception; followed by 21.77% who "Neutral" with the given statement. Additionally,16.94% of respondents expressed as "Disagree"While,14.52% of respondents have viewed "Strongly Agree". Only, 12.9% of respondents have stated "Strongly Disagree".

Cross table-1.2 shows the relationship between Age Group (46-55 years) and Financial Risk Perception .Among respondents in this age group, the majority with27.78% expressed "Strongly Disagree" perception; followed by 27.78% who "Disagree"with the given statement. Additionally,16.67% of respondents expressed as "Neutral"While,16.67% of respondents have viewed "Agree". Only, 11.11% of respondents have stated "Strongly Agree".

Cross table-1.2 shows the relationship between Age Group (above 55 years) and Financial Risk Perception .Among respondents in this age group, the majority with55.56% expressed "Neutral" perception; followed by 22.22% who "Disagree"with the given statement. Additionally,11.11% of respondents expressed as "Strongly Disagree"While,11.11% of respondents have viewed "Strongly Agree". Only, 0% of respondents have stated "Agree".

The calculated Chi-Square value is. 28.897a .The 'p' value is 0.0246 (Pearson's) at 0.05 percent level of significance, which shows that there is significant relationship between Age Group and Financial Risk Perception. It is concluded that Age Group has significant relationship with Financial Risk Perception.

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