

Identification of Influencing Factors of Consumer Choice of Purchasing a Full Insurance Policy

L. P. Himali and R.A.C. Priyanganie
Sabaragamuwa University of Sri Lanka, Belihuloya.

Abstract

Every risk involves loss which may be monetary or physical. Even the physical loss may cause monetary loss. Thus a person subject to a particular risk incurs a loss. If it is small, he can bear it. However, if it is heavy and unforeseen, he cannot bear the loss himself (Smith, 2003). Hence, vehicle owners have demanded for a full insurance policy. However, consumer choice for the insurance policy is a physiological phenomenon, varies for each consumer. Before purchasing a full insurance policy general public consider about several factors. In such a situation, it is important to identify which factors play major roll for the choice of purchasing an insurance policy. The main objective of the study was to identify the association between some selected socio-demographic and economic factors of consumer choice of purchasing a full insurance policy. Primary data was mainly collected for the study through a questionnaire. Hundred respondents including 70 full insurance policy holders and 30 non full insurance policy holders, in *Balangodatown* area, were selected to the study using a convenience sampling method. Chi-square test of association was used to identify the associated factors while using dependent variable as choice of purchasing the policy. Study found that vehicle type (Car, van lorry, bus), brand name of the vehicle (Toyota, Nissan, Suzuki, Mitsubishi), religion and monthly income of the person, value of the vehicle, manner of buying the vehicle, use the vehicle for risky activities or not are the influencing factors of consumer choice of purchasing a full insurance policy. The most significant fact revealed by the study was that gender, age, education level, civil status, occupation and residential sector of the person are not associated with the choice of purchasing a full insurance policy. Hence, insurance companies should realize customers' needs and to find effective ways to satisfy the needs irrespective of the demographic factors. Majority of the sample used *Celinto* insurance company for their insurance activities. The reasons for this is because the technology that company currently used, efficiency, the number of benefits provide by that company and good reception and customer friendly service.