

EXPLORING THE DEMAND FOR INSURANCE AMONG RURAL POPULATIONS IN INDONESIA

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Abstract

Purpose: This research was conducted to analyze people's views and tendencies towards the use of insurance products by Social Security Agency of Health (Badan Penyelenggara Jaminan Sosial or BPJS), especially BPJS health insurance, BPJS employment insurance and motor vehicle insurance.

Design/Methodology/Approach: The research was conducted by giving questionnaires to 100 respondents from residents in Gunung Menyan, Pamijahan, and Bogor, Indonesia.

Findings: Currently insurance or coverage institutions have become institutions that are quite developed in Indonesia. Based on data from the Badan Pusat Statistik records that there are 372 insurance companies along with insurance support companies that have operated from both private companies and also from government programs. The development of the insurance industry is in line with the growing public awareness of the importance of protection against all kinds of risks that may occur at any time. However, when viewed from an economic perspective, the insurance industry's contribution to Indonesia's gross domestic product or GDP is still very small when compared to neighboring countries such as Malaysia and Singapore, where the insurance industry's contribution to GDP is already above 10%.

Practical implications: The development of the insurance industry is in line with the growing public awareness of the importance of protection against all kinds of risks that may occur at any time.

Originality value: The country of Indonesia is one of the countries with the largest population in the world with nearly 300 million people, which of course is a large market, the insurance industry is no exception.

Keywords: Insurance, BPJS, health insurance, employment insurance.

1. Introduction

Insurance Institution is one of the non-bank financial institutions that have an important role in the economy in Indonesia. Insurance institutions are also non-bank financial institutions that have the largest market share in Indonesia. Even so, the insurance industry in Indonesia still has a small contribution to the Gross Domestic Product (GDP), only around 10%.

This figure is still very far when compared to neighboring countries such as

Malaysia and Singapore whose insurance industry contribution to GDP is above 20% and even Singapore is above 40%. This is of course influenced by how people tend to use insurance products offered by insurance institutions.

Gunung Menyan, Pamijahan, Bogor area consists of around 1,357 heads of households with a total of 5,213 villagers of which more than 50% of the residents are over 19 years old. This research was conducted by giving questionnaires to 100 respondents regarding what is known, felt and also the public's views on the use of existing insurance products, especially for Social Security Agency of Health (BPJS Kesehatan), Social Security Agency of Employment (BPJS Ketenagakerjaan) and Motor Vehicle Insurance.

In this research the authors can determine the level of public knowledge about insurance. In addition, the author can also find out how important and useful insurance is according to the public's view. The results of this research are expected to be used as review material for evaluation and development in the insurance industry in Indonesia and to participate in adding to the body of knowledge about the economy, especially discussions about insurance.

2. Literature Review

The use of insurance products or services is carried out to meet the needs and satisfaction of consumers, in this case insurance clients. Insurance itself is intended to guarantee or minimize financial risk. An insurance service used as a form of protection against financial loss or loss of income due to the death of a family member who is usually the source of income for the family.

Preferences according to the Kamus Besar Bahasa Indonesia (KBBI) are choices, tendencies, interests or likes (according to Badan Pengembangan dan Pembinaan Bahasa). Community preferences regarding insurance can be interpreted as people's choices in using insurance services or guarantees of a type that is more desired or tends to be needed by the community.

In this study it is devoted to people's preferences regarding the utilization of BPJS Kesehatan, BPJS Ketenagakerjaan, and motor vehicle insurance.

Insurance is coverage or guarantee between two parties, where the first party is obliged to pay contributions or premiums. The other party has the obligation to provide full guarantee to the contribution or premium payer if something happens to the first party or his property in accordance with the agreed agreement.

3. Health Insurance (BPJS Kesehatan)

Health insurance is a type of insurance product that specifically guarantees medical expenses or care for insurance policyholders if they fall sick or have an accident In Indonesia, apart from private insurance companies, the government also provides health insurance services, especially for the underprivileged, namely the BPJS health program and the Healthy Indonesia Card or Kartu Indonesia Sehat (KIS).

Social Security Agency of Health or Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Kesehatan) is a public legal entity that is directly responsible for administering national health insurance for all Indonesian

people, especially for civil servants, recipients of civil servant pensioners, TNI/POLRI, veterans, independence pioneers, and their families as well as ordinary people.

BPJS Kesehatan is the organizer of the social security program in the health sector which is one of the five programs in the national social security system or Sistem Jaminan Sosial Nasional (SJSN), namely Health Insurance, Work Accident Insurance, Old Age Insurance, Pension Insurance, and Death Insurance as stated in the Undang-Undang No. 40 of 2004 concerning the National Social Security System.

4. Employment Insurance (BPJS Ketenagakerjaan)

Social Security Agency of Employment or BPJS Ketenagakerjaan is a public legal entity that is directly responsible for providing protection for workers to overcome certain socio-economic risks in work relationships. In the enactment of Undang-Undang No. 40 of 2004 concerning the National Social Security System and Undang-Undang No. 24 of 2011 concerning the Social Security Organizing Agency, BPJS Ketenagakerjaan organizes 4 programs namely the Work Accident Insurance Program or Jaminan Kecelakaan Kerja (JKK), Old Age Insurance or Jaminan Hari Tua (JHT), Pension Insurance or Jaminan Pensiun (JP), and Death Insurance or Jaminan Kematian (JK).

BPJS Ketenagakerjaan will provide benefits to participants in the form of services and cash if there is a social risk to workers, be it work accidents, death, old age, or retirement. If a work accident occurs, the worker can be taken directly to a health facility that cooperates with BPJS Ketenagakerjaan, both clinics and hospitals (trauma centers) without incurring costs by showing the BPJS Ketenagakerjaan card if the employer of company pays dues to BPJS Ketenagakerjaan.

However, when there are no cooperating health facilities, workers still get the Work Accident Benefit or Jaminan Kecelakaan Kerja (JKK) with a reimbursement system (reimbursement of money by the company to employees as a form of compensation for all costs or expenses that have been made by the employee, in short language is compensation for personal expenses).

Meanwhile, cash benefits will be obtained by workers and their heirs if the worker dies or when they are old or retired. The difference between Old Age Security or Jaminan Hari Tua (JHT) and Pension Benefits or Jaminan Pensiun (JP) lies in the benefits that will be received by workers and/or their heirs.

Old Age Security Benefits or Jaminan Hari Tua (JHT) are received all at once when workers meet the withdrawal conditions, namely retirement age (56 years on average), death, permanent total disability, or stop working and no longer work.

Meanwhile, the Pension Guarantee or Jaminan Pensiun (JP) benefits will be received periodically every month to workers and/or their heirs if the worker enters retirement age (56) with a minimum contribution of 15 years, dies (with a minimum contribution paid for 12 months), or is permanently disabled (with a minimum contribution of 1 month). If these three conditions have not been met, then the worker and/or their heirs will receive benefits in the form of accumulated contributions plus their development.

5. Motor Vehicle Insurance

Motor vehicle insurance is a guarantee of protection against risks that can occur to vehicle owners such as accidents, damage, and loss of vehicles due to theft. The protection provided in motor vehicle insurance is in the form of compensation guarantees or repair costs for partial or total loss or damage that occurs to the vehicle due to accidents, fire, theft, and others. There is also an expansion of motor vehicle insurance coverage in the form of guaranteed compensation for losses caused by natural disasters, riots and terrorism.

Utilization of insurance needs to be done to minimize risks or things that are not desirable. With insurance, people who use insurance get the additional protection they need. In addition, insurance can provide a sense of security. Life is unpredictable, so we must be prepared for whatever happens. The risks that occur can be minimized with insurance.

Insurance helps to transfer the risk of financial loss from the insurance policy holder to the insurance company. In addition, insurance is able to guarantee the insured's old age so that it does not burden anyone because it has become the responsibility of the insurer. Premium coverage money deposited to the insurance company can be used as retirement savings (IFG, 2021).

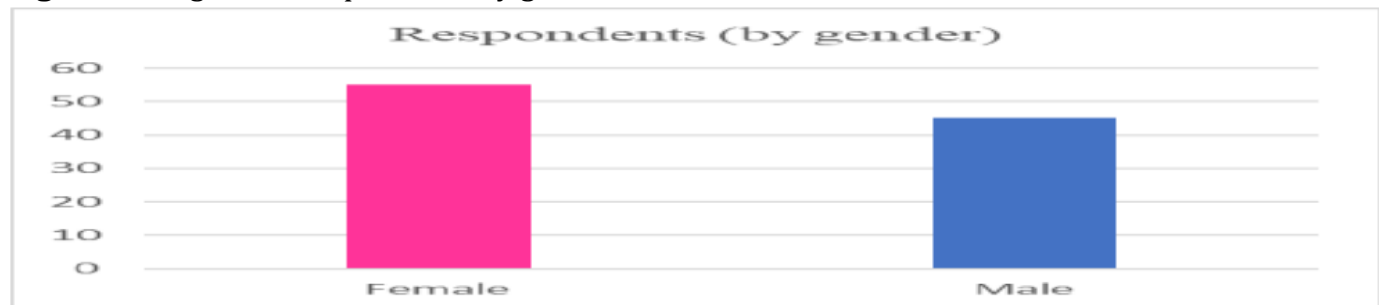
6. Research Methodology

The approach used in this research is to use quantitative research methods. The sample used as the research object was 100 respondents from residents of Gunung Menyan, Pamijahan, and Bogor, Indonesia. The dependent variable in this study is claims, procedures and services. Meanwhile, the independent variable is people's preferences in the use of insurance products. The data used in this study is in the form of primary data in the form of a questionnaire. Data analysis techniques were performed using descriptive statistical analysis.

7. Research Results and Discussion

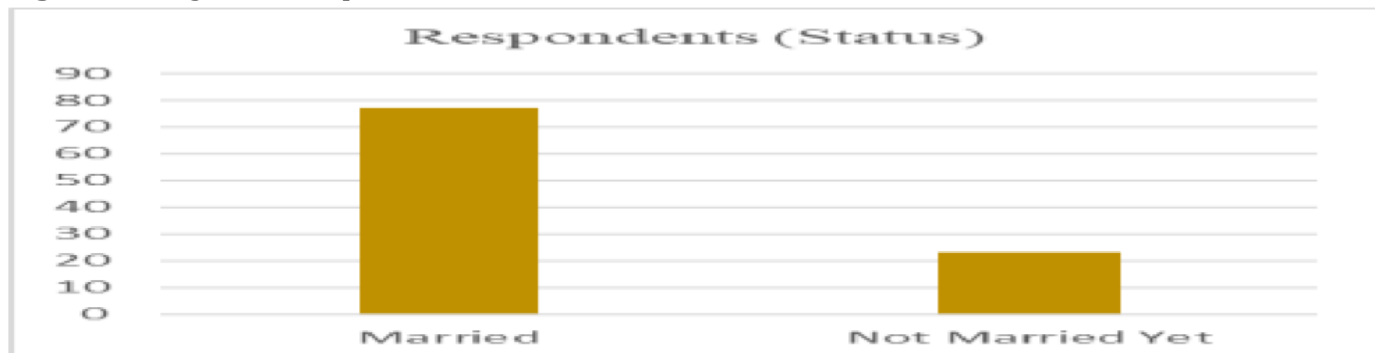
The object of research in this research were 100 respondents from Gunung Menyan, Pamijahan, and Bogor, Indonesia who were over 17 years old. The number of questionnaires filled out and processed was 100 respondents. The following is a profile of the respondents.

Figure 1. Diagram of respondents by gender.



Source: Processed Data, 2023.

Figure 2. Diagram of respondents based on marital status.

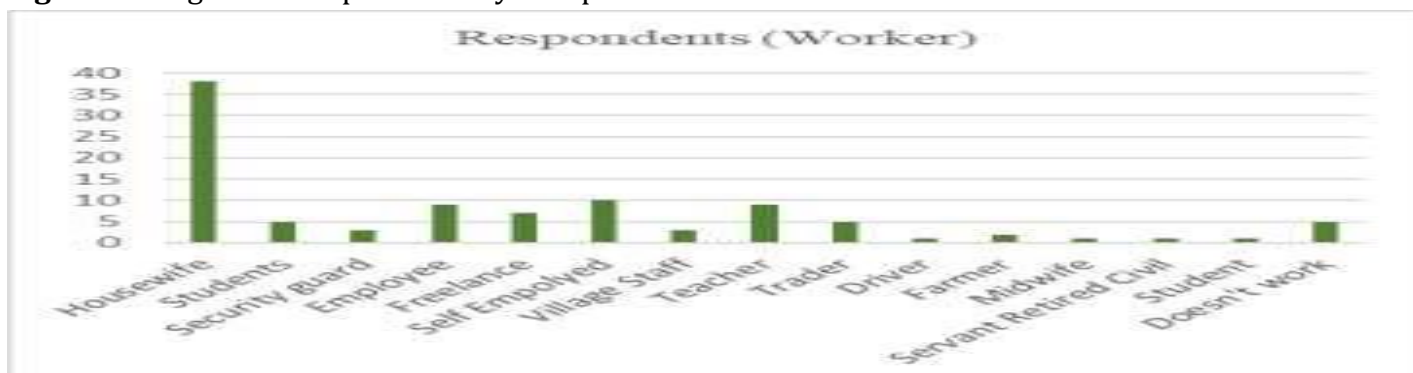


Source: Processed Data, 2023.

In the two diagrams presented above, it can be seen that there are more female respondents than male respondents, with a ratio of 55:45. Also in the respondent diagram based on marital status it can be concluded that the majority of respondents who became the object of research were 77% married respondents and 23% unmarried respondents.

In addition, respondents are also classified based on the respondent's occupation. The following is a diagram of the respondent's profile based on work.

Figure 3. Diagram of respondents by occupation.



Source: Processed Data, 2023.

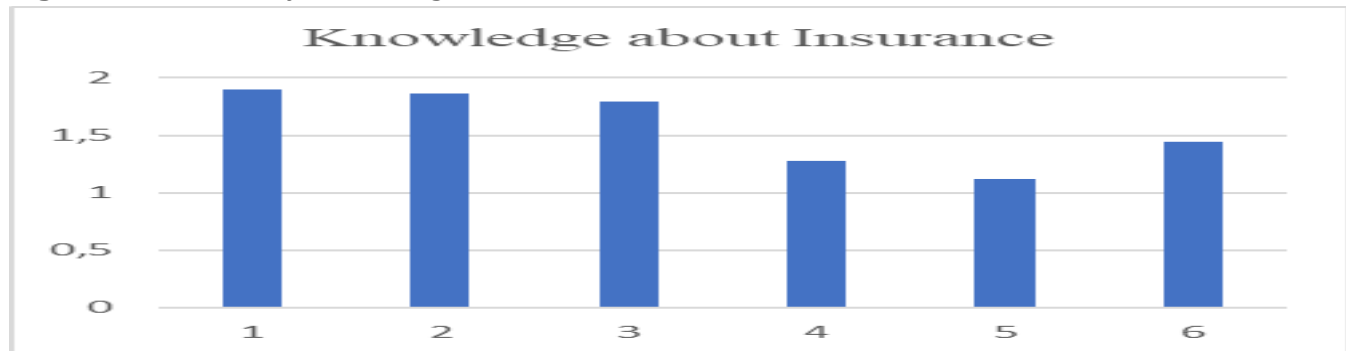
8. Public Knowledge Regarding Insurance

Various insurance products are now available and people can choose according to their individual needs. However, it turns out that there are still many people who do not have a deep understanding of insurance apart from insurance service providers, literacy obligations also apply to all stakeholders, including obligations to public authorities, the state and community groups.

In this study, an initial questionnaire and a follow-up questionnaire were provided. The following are the results of data that have been collected and processed from the initial questionnaire regarding public knowledge about insurance.

There were 6 questions in the initial questionnaire. The initial questionnaire was in the form of answer options Yes (2) or No (1). At point 1, there is an average answer score of 1.9. This means that the majority of respondents answered a score of 2 on question number 1. Therefore, it can be concluded that the majority of respondents know about insurance, although there are those who do not know about insurance.

Figure 4. Community knowledge about insurance.



Source: Processed Data, 2023.

For question number 2, which is a question about whether or not the respondent used insurance services. Judging from the data obtained, it is known that score number 2 is worth 1.86, which means that 0.14 respondents do not use insurance services, the remaining around 93% of respondents use insurance services, especially BPJS Kesehatan, BPJS Ketenagakerjaan, and Motor Vehicle Insurance.

Moving on to the discussion of question number 3, namely regarding the ownership of BPJS Kesehatan. Judging from the existing data, that there is a score of 1.79. Of the 100 respondents, it was calculated that 89.5% of respondents answered "YES or in this case a score of 2". Therefore, around 89-90 respondents have BPJS Health, whether it is in the form of paid BPJS insurance that is borne by the individual, or where the premium is borne by the state. Furthermore, question point 4 discusses the ownership of Employment BPJS. As a result, it is smaller than BPJS Kesehatan. Namely the score is worth 1.28.

How to calculate the percentage of data ($\frac{1.28}{2.00} \times 100 = 64\%$). BPJS Ketenagakerjaan owners only 64% of respondents have BPJS Ketenagakerjaan.

The next question is number 5. The score for question number 5 is 1.12. The discussion at this point is about motorcycle credit ownership. For respondents who have motorbike loans, automatically there is also financing insurance or motor vehicle loans. Respondents who have motorcycle loans are around 56 respondents.

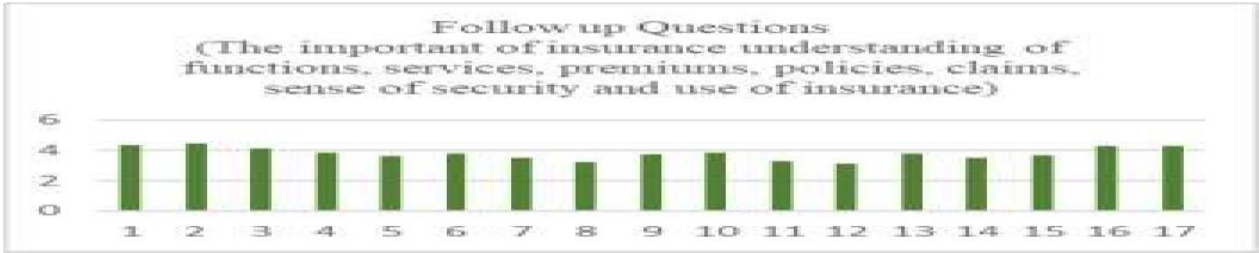
For the last question, or the 6th point of discussion at that point, is whether or not you have ever received an offer about insurance. From the results of data processing, there is a score of 1.44. That is, if calculated then ($\frac{1.44}{2.00} \times 100 = 72\%$). It can also be noted, that even without offers, many use insurance services. However, there are also those who get offers but do not use insurance services.

9. Insurance Utilization

Insurance can be put to good use if the literacy of all stakeholders related to insurance is going well. Interest in insurance will also grow if the knowledge and understanding of insurance functions is good. Therefore, socialization regarding insurance is needed, so that people are more familiar with insurance. Not only do they know BPJS, which is truly a government program, and even then there are those who don't understand that BPJS is an insurance product. Therefore, literacy regarding the use of insurance needs to be encouraged again.

The following is a data processing diagram that has been analyzed based on a sample of 100 respondents from residents of Gunung Menyan, Pamijahan, and Bogor, Indonesia.

Figure 5. Insurance Utilization



Source: Processed Data, 2023.

Based on the research data by follow up the questions, the important of insurance understanding of functions, services, premiums, policiesm, claims, sense of security and use of insurance. This is the description of the information dan score each statement.

Table 1. Description of the discussion results.

Number of Statement	Information of Statement	Score
Statement 1	The importance of insurance in general.	4.36
Statement 2	The importance of BPJS Kesehatan insurance.	4.47
Statement 3	The importance of BPJS Ketenagakerjaan insurance.	4.1
Statement 4	The importance of financing insurance	3.82

Number of Statement	Information of Statement	Score
	or motor vehicle loans.	
Statement 5	Easy to understand the function of insurance products.	3.6
Statement 6	Easy to understand the function of BPJS Kesehatan insurance products.	3.79

Statement 7	Easy to understand the function of BPJS Ketenagakerjaan insurance products.	3.49
Statement 8	Easy to understand the function of financing insurance products or motor vehicle loans.	3.24
Statement 9	Services for insurance products are running well.	3.74
Statement 10	Services for BPJS Kesehatan insurance products are running well.	3.82
Statement 11	Services for BPJS Ketenagakerjaan insurance products are running well.	3.3
Statement 12	Services for financing insurance products or motor vehicle loans are running well.	3.11
Statement 13	Easy to pay insurance premiums.	3.8
Statement 14	Easy to understand the insurance policy.	3.49
Statement 15	Easy to claim insurance.	3.66
Statement 16	Insurance can provide a sense of security.	3.27
Statement 17	Insurance has many uses and benefits.	3.29

Source: Processed Data, 2023.

The discussion of data for each statement will be discussed below. So, there are 17 statements in the second sheet of the questionnaire.

From the data that has been obtained, the results of the analysis show that 87.2% of respondents feel that insurance is important. Then, there were 89.4% of respondents who felt that health insurance (BPJS Kesehatan) was important insurance. For further statements, it is known that 82% of respondents feel that BPJS Ketenagakerjaan is important. And henceforth, there are 76.4% of respondents who feel that motor vehicle credit insurance is important.

Further data regarding the ease with which respondents understand the function of insurance. There are 72% of respondents who stated that the function of insurance products is easy to understand. However, the public, in this case the respondents, more easily understand the function of BPJS Kesehatan insurance. This can be seen from the percentage of each statement, namely health insurance or BPJS Kesehatan (75.8%), employment insurance or BPJS Ketenagakerjaan (69.8%), and insurance financing or motor vehicle loans (64.8%).

Most of the respondents also felt that insurance product services were running well. Nearly 74.8% of insurance services are running well. Moreover, BPJS Kesehatan services are included at 3.82 or 76.4%.

There are 76% of respondents who feel that paying insurance premiums is easy. Then, there are 69.8% of respondents who feel that insurance policies are easily understood by insurance users. Furthermore, respondents also felt that it was easy to claim insurance (73.2%).

There are as many as 65.4% of respondents who feel that insurance can provide a sense of security for its users. Insurance can also provide uses and benefits for insurance users, this can be seen from the data, and namely 3.29 or 65.8% of respondents who feel that insurance is beneficial.

From these data it can be obtained that the majority of respondents, in this case the people in Gunung Menyan, Pamijahan, and Bogor, Indonesia tend to know about insurance. Most of the dominant people tend to use BPJS Kesehatan. From what has been experienced by respondents, that insurance has many uses and benefits. Insurance can help minimize risk or can help overcome financial problems when unexpected bad things happen.

The presence of insurance, especially those issued by the government, makes people feel more secure or even helped when a risk occurs. The community finds it easy to understand the BPJS Kesehatan or health insurance policy. Some people also feel that paying insurance premiums is easy, understanding insurance policies is easy, and claiming insurance is easy.

The data that has been processed and analyzed shows that people in Gunung Menyan, Pamijahan, and Bogor, Indonesia tend to use BPJS Kesehatan insurance. Then, in number two, BPJS Ketenagakerjaan is owned by the people who are sheltered by their company or place of work. The community also considers that insurance for motorized vehicles is important, because this can minimize financial risk.

10. Conclusion

Insurance is coverage or guarantee between two parties, where the first party is obliged to pay contributions or premiums. The other party has the obligation to provide full guarantee to the contribution or premium payer if something happens to the first party or his property in accordance with the agreed agreement.

From the research that has been done, it is stated that people's preferences for the use of insurance. Most of the people of Gunung Menyan, Pamijahan, and Bogor, Indonesia tend to choose to use BPJS Kesehatan insurance. This can also be related to the importance of health as a measure of human well-being.

The presence of insurance can be put to good use. Back again to the purpose of insurance, which is to minimize financial risk. It is hoped that this research can be a source of literacy, and can also help to increase the repertoire of knowledge, especially about insurance that focuses on BPJS Kesehatan insurance, BPJS Ketenagakerjaan, and motor vehicle insurance.

With this research, it is hoped that it can be an evaluation material for all stakeholders so that the public's interest in insurance literacy in the effort to use insurance can be even better.

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