



**FACTORS AFFECTING THE CONCLUSION OF PERSONAL INSURANCE
CONTRACTS: A SURVEY STUDY ON A SAMPLE OF INSURED PERSONS IN IRAQ**

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Abstract

Personal insurance is an essential aspect of modern financial planning, providing individuals with protection against financial risks associated with health, life, accidents, and property. In Iraq, like in many other countries, personal insurance plays a crucial role in safeguarding the well-being of citizens. However, despite its significance, the penetration of personal insurance remains relatively low in many developing countries, including Iraq.

This article presents a study that investigates the factors affecting the conclusion of personal insurance contracts in Iraq. The aim is to identify the key elements that influence individuals' decisions to purchase personal insurance, such as social, economic, cultural, and psychological factors. The findings of this research can help insurance companies and policymakers understand the barriers to insurance adoption and develop strategies to increase insurance penetration in Iraq.

Keywords: Factors Affecting Insurance, Insurance Market, Economic Factors, Cultural Factors, Life Insurance, Iraqi Insurance Market

Introduction

Personal insurance plays a crucial role in safeguarding individuals from unforeseen risks and financial burdens arising from events such as illness, accidents, or death. Despite its importance, the uptake of personal insurance remains relatively low in many countries, particularly in Iraq. This is due to a complex interplay of various factors that influence individuals' decisions to purchase insurance. These factors are not only related to the awareness and trust in insurance companies but also extend to broader economic, social, and cultural influences.

The Iraqi insurance market, like many other emerging markets, is in a phase of growth and development. However, the adoption of personal insurance remains a challenge, with many potential clients hesitant to engage in insurance contracts. A deeper understanding of the factors that affect the conclusion of personal insurance contracts is essential for companies and policymakers who aim to increase the penetration of insurance products and improve the financial security of individuals.

This study aims to investigate the key factors that influence the conclusion of personal insurance contracts in Iraq. Through a survey of insured individuals, this research explores various determinants such as economic conditions, cultural perceptions, awareness, and trust in insurance providers. The findings of this study will offer valuable insights into how these factors shape consumer decisions regarding personal insurance in Iraq and provide practical recommendations to insurance companies and regulatory bodies for enhancing the attractiveness and accessibility of insurance products.

Research Objective

The primary objective of this study is to explore the factors that influence the decision-making process of individuals in Iraq when considering personal insurance contracts. By understanding these factors, insurers can better tailor their products and marketing strategies to meet the needs and preferences of potential customers.

The article aims to identify the factors that influence the decision to purchase personal insurance by studying the opinions of insured and uninsured individuals in Iraq. The article also seeks to understand the reasons that contribute to the weakness or strength of the personal insurance sector in the Iraqi market.

Literature Review

Previous studies have shown that many factors affect individuals' willingness to purchase personal insurance, including numerous studies have identified various factors that influence the decision to purchase personal insurance. These factors include:

- ✓ **Economic Factors:** Income levels, economic stability, and disposable income are key determinants of insurance uptake. Higher income levels tend to increase the likelihood of purchasing insurance, as individuals have more disposable income to allocate towards premiums. It is known that the economic level of individuals greatly affects their decision to purchase insurance. Individuals with high incomes usually have a greater financial ability to pay insurance premiums compared to individuals with limited incomes.
- ✓ **Cultural and Social Factors:** Cultural perceptions of insurance and trust in insurance companies play a significant role. In some cultures, insurance may be seen as unnecessary or even taboo, while in others, it is viewed as essential. There are some societies that may consider insurance as just an additional cost or may have negative perceptions about it. In contrast, there are other societies that adopt insurance as part of their basic financial plans.
- ✓ **Awareness and Knowledge:** A lack of awareness about the benefits of insurance and limited knowledge about available products can deter individuals from purchasing personal insurance. Education and information dissemination are crucial to overcoming this barrier. Lack of awareness and understanding of personal insurance are hindering factors. Most individuals do not know the details of insurance, its types and benefits.
- ✓ **Government Regulations and Policies:** The regulatory environment and government support for insurance markets also impact the development of the personal insurance sector. In some cases, government incentives can encourage individuals to purchase insurance. Regulatory influences and government policies sometimes support increasing or decreasing individuals' willingness to purchase insurance. Incentives such as tax exemptions or mandatory insurance may encourage individuals to subscribe.

The collected data were analyzed using statistical tools, such as frequency analysis, cross-tabulations, and regression analysis, to identify the key factors that influence insurance purchasing decisions.

Methodology

Data Collection Tools

Questionnaires containing closed and open questions were used to measure:

- Reasons that motivate individuals to purchase insurance.

- Influencing factors such as awareness and knowledge, economic and cultural considerations.
- Trust in insurance companies.
- Economic or social barriers.

Data Analysis

Data was analyzed using statistical analysis tools such as frequency tables and analysis of variance to further understand the influencing factors.

In this paper, a questionnaire-based research design was adopted to collect data from a sample of insured and uninsured individuals in Iraq. The study targeted 500 individuals from different age and socio-economic groups, and the aim was to explore the factors that influence their decisions.

Findings

1. Economic Factors

One of the strongest factors influencing the conclusion of personal insurance contracts in Iraq is economic stability and income levels. The survey found that individuals with higher income levels were significantly more likely to purchase personal insurance. However, a large proportion of the population with lower income levels cited affordability as the primary barrier to purchasing insurance. Most respondents in the lower-income brackets felt that insurance premiums were too expensive relative to their financial capacity.

2. Awareness and Knowledge of Insurance

The survey found that awareness and knowledge of personal insurance products were significant factors in decision-making. A majority of respondents indicated that they had little to no understanding of the types of insurance available, their benefits, and the terms of coverage. The lack of educational campaigns and information dissemination on insurance products was identified as a critical issue in the Iraqi market. Many individuals admitted that they had never been approached by insurance companies with clear explanations about available products.

3. Cultural and Social Factors

In Iraq, cultural perceptions of insurance play a crucial role in shaping attitudes toward purchasing insurance. The study revealed that many individuals, especially in rural areas, associate insurance with a lack of faith in divine protection or see it as unnecessary. Additionally, social norms and the influence of family or community members often determine whether an individual considers purchasing insurance. The study noted that in more urbanized areas, where access to information and services is greater, insurance uptake was notably higher.

4. Trust in Insurance Companies

Trust in insurance providers was another key factor influencing the conclusion of personal insurance contracts. The survey revealed that many respondents expressed distrust toward insurance companies, citing concerns over the reliability of insurers, the transparency of their terms, and the fear of fraud. The lack of strong consumer protection laws and the perception of a lack of accountability in the industry were significant barriers to purchasing insurance.

5. Government Policies and Regulations

Although the government's role in the insurance market was not as pronounced in Iraq, the study found that respondents were more inclined to purchase insurance if there were government incentives or subsidies. A majority of participants stated that mandatory insurance policies, such as health insurance, would increase their likelihood of purchasing insurance.

Discussion

The results of the survey suggest that several barriers need to be addressed to increase the conclusion of personal insurance contracts in Iraq. The most significant factors influencing the decision to purchase personal insurance include economic constraints, a lack of awareness, and cultural attitudes toward insurance. To improve insurance penetration, it is crucial to educate the public about the benefits of personal insurance through targeted marketing and educational campaigns. This can be achieved through collaborations between insurance companies and government entities, which could provide financial literacy programs to raise awareness of insurance products. Additionally, addressing affordability by offering more flexible and affordable insurance plans could help overcome economic barriers.

Building trust in insurance companies is another key element for improving insurance uptake. Establishing regulatory frameworks and ensuring transparency in the operations of insurance companies will help mitigate concerns about fraud and reliability.

Recommendations

1. Raising awareness and education: Insurance companies and the government should work on raising public awareness of the importance of insurance through media campaigns, workshops, and training to explain the benefits of insurance to individuals.
2. Improving trust in insurance companies: Companies should focus on improving the level of trust and credibility, such as ensuring transparency in insurance policy and facilitating claims procedures.
3. Incentivizing supportive government policies: It is preferable to provide incentives such as tax exemptions or provide mandatory insurance for some categories such as health insurance for government employees or life insurance.
4. Reducing the cost of premiums: Insurance companies should seek to provide flexible premium options that suit different income groups.

Conclusion

The conclusion of personal insurance contracts in Iraq is influenced by various factors, including economic conditions, awareness levels, cultural perceptions, and trust in insurance providers. Policymakers and insurance companies should work collaboratively to address these factors and create an environment that encourages greater participation in personal insurance markets. In the long term, increasing public awareness and improving consumer trust in the industry will be crucial for enhancing the penetration of personal insurance in Iraq and ensuring that more individuals are protected against unforeseen financial risks. Economic, cultural, social, and limited awareness factors are the main factors that influence individuals' decision to sign personal insurance contracts in Iraq. By improving awareness, enhancing trust, and developing government policies that encourage insurance subscription, the insurance sector in

Iraq can be strengthened and the percentage of insurance coverage for individuals can be increased

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