

Conference Paper

Identification of Community Characteristics and Perceptions Toward Health and Life Insurance in Rural Indonesia

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A lower quality of life than urban dwellers makes rural residents less likely to take insurance products. Identification of characteristics and perceptions of rural communities towards health and life insurance is the aim of this study to see what problems make villagers less concerned about insurance. This study uses a mixed method that combines percentage analysis with qualitative analysis to see problems in rural areas related to insurance. There are three perceptions of rural communities towards insurance. First, insurance is an important but not too urgent need, secondly, the obligation to purchase insurance products by the government and assistance by companies is the main factor, and lastly, purchasing private insurance products is only to get better service and complement national insurance. There are seven group characters of rural residents who use insurance. Unawareness and ignorance of insurance made 15% of respondents not have insurance from government programs while convenience and flexibility in services made 11% of respondents use private insurance.

Keywords: rural resident, perception, insurance

1. Introduction

Rural areas are not of interest to the insurance trade. Low income and poor rural socio-demographic conditions make it insufficient amount a registered life candidate to withdraw any insurance offer [1], but the state is obliged to handle the Social health and welfare of the community. Since the 1970s, many countries have created a Social Health Insurance system. The social health insurance system (SHI) has developed not only as a structured institution that inhabits social spaces but also acts as a purely public and purely private health sector organization [2]. Social health insurance is a pioneer in the development of insurance economic activities in rural areas. The implementation of the social health insurance system not only the development of health insurance and the

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movement towards universal coverage (UHC), but also the reform of the hospital sector, and the restructuring of drug policies, so that the socialization of the insurance system for both health and life becomes a tool for introduce the insurance system to the village community [3].

The Indonesian government has also begun to oblige all residents to use BPJS Health Insurance products (Indonesian National Health Insurance) and requires BPJS Employment (Indonesian National Life Insurance) or private life insurance for workers. Not all Indonesians follow the National Health Insurance, in 2022, 241.79 million people out of 275.77 million people use National Health Insurance products and 60.33% of users are recipients of state subsidies [4][5]. Only 51.01 million workers out of 135.61 million workers bought National Life Insurance products Meanwhile, private life insurance has 75.45 million participants [6][7][8].

Residents of rural areas are more reluctant to take insurance than urban residents. This problem is the basis of this paper to look for problems and perceptions of rural communities on health and life insurance.

2. Methode

This study uses a mixed method. data collection method used to see the characteristics and perceptions using interviews for respondents who do not have national health and life insurance and respondents who have private life insurance. 426 respondents were used to support this paper. Qualitative analysis and percentage analysis will be the analysis techniques of this paper.

3. Result and Discussion

3.1. Public insurance is important but not primary

Indonesian Government apply social health insurance for all citizen and social protection-life insurance for worker. The Social Protection Life Insurance program is a program that requires every company to register their workers to an insurance program, either state public insurance (BPJS Ketenagakerjaan) or private insurance, while the Social Health Insurance program is a health insurance program -managed by BPJS Kesehatan (state public insurance) - for all Indonesians. It is divided into 3 categories (1) Clients with personal submissions, (2) Clients with Company submissions and allowance, and (3) Clients with State submissions and allowance.

TABLE 1: Type of Client insurance.

Type of Client insurance	Number respondent	percentage
Non Client Insurance	64	15%
Client National Health Insurance with government allowance	22	5%
Client National Health Insurance non government allowance	228	54%
Client National life Insurance	25	6%
Client National Health Insurance and National Health Insurance	43	10%
Client Private Insurance	8	2%
Client Private Insurance and National Health Insurance	25	6%
Client Private Insurance, National life Insurance and National Health Insurance	11	3%
Total	426	100%

Source: author research in April 2022

The first group is they do not have any insurance product consisting of 64 respondents or 15,02% of respondents do not have Health and Life Insurance, both public and private. This group considers health insurance important to have, especially in the types of health insurance and pension insurance, but this group is dominated by the income of the population below 3,000,000 IDR per month or under 7 USD per day, even 28 respondents or 6.57% are below the poverty line or have a daily income of less than 2.15 USD per day. Economic problems make this group perceive that insurance is important but not included in the basic needs. For example, Mr. SP, 48 years old, said: *“Seharusnya penting tetapi untuk kebutuhan pokok dahulu, Tidak memiliki penghasilan tetap, jadi cukup untuk kebutuhan. Jika harus membayar cicilan memberatkan”* - Health insurance is very important. due to small and unstable income, insurance is not included in basic needs-. Similar statements dominate all perceptions related to insurance in this group. The characteristics of this group are less social and work more because this group does not know or is lazy to take care of social health insurance that receives allowance from the government. As Mr W, 27 years old said *“Asuransi tidak begitu penting karena sibuk bekerja setiap harinya saja sudah melelahkan apalagi mengurus asuransi yang menurutnya sulit”* - Insurance is not too primary and applying for insurance is very difficult and tiring-. Ignorance and difficulty in applying are the same statements in almost all respondents when asked why they didn't apply for insurance with government allowance. Support statement from (Dercon, 2009:2) *“Designing insurance products is relatively straightforward, but the uptake of these products by the poor is likely to be*

low at first". Poor people will register for social health insurance products when they are sick or need medical care.

The second group has almost the same characteristics and income as the first group, but the respondents in the second group know about social health insurance information in the community or they had sick or need medical care experience. These 22 respondents or 5.16% of respondents know and (must) have time to apply for social health insurance products with government allowance or those who have been affected by a disease and require them to apply for social health insurance products. 17 respondents applied for government-assisted insurance because there were community service activities related to government-assisted insurance products organized by the local government, while 5 respondents applied for health insurance when they were sick. Mr. AB, 23 years old said "(Asuransi) Tidak begitu penting, jika ada membantu dan lumayan bermanfaat" -insurance is not so primary. if we have insurance, we will be helped and useful-. They know the benefits that insurance will get but they will not apply for insurance until they are sick or there is a government/institution that facilitates it. Economic factors may be one of the basic factors inhibiting the growth of insurance but the main determinant is not in the economy but in the lack of awareness of insurance itself [10].

3.2. Government orders is the main role in public insurance

The Indonesian government requires Indonesian citizens to participate in the BPJS (Social Health Insurance) program, especially BPJS Kesehatan (National Health Insurance). this is stated in Law Number 40 of 2004 concerning the National Social Security System and Law Number 24 of 2011 concerning the Social Security Administering Body.

The third Group is a group that only has national health insurance products without government allowance. in this group, there is a phenomenon that proves that poverty is not always a determining factor in purchasing insurance products because 54 of 104 respondents earning below 2.15 USD per day and 112 of 202 respondents earning below 7 USD per day are customers from national health insurance. In addition, there is one more phenomenon that supports awareness of insurance benefits which is a determining factor in purchasing insurance products. Of the 228 respondents who are client of National Health Insurance non-government allowances, 68.42% of respondents buy insurance products because of their awareness of the importance of having health insurance while 31.58% buy because of obligations from the state or office. Awareness of health insurance is due as a preventive effort and because of government advertising

jargon which states that following BPJS Kesehatan (National Health Insurance) means we help each other in health care. Several interviewees mentioned this jargon, such as an example of a statement from Mr. S 64 years old stated “ (BPJS Kesehatan) sangat penting, sebagai upaya preventif jika terjadi kecelakaan. yakni ada tabungan di pemerintah. Kemudian dapat membantu orang lain atau sama saja sedekah” – National health insurance is very important as a preventive effort and helps the government and other people who are sick, which is one of way to donate-. This jargon takes advantage of the personality of Indonesians who like to give charity where according to the world giving index, Indonesia is one of the countries that likes to give. [11] .

The fourth group is customers who only use BPJS Ketenagakerjaan products - National life insurance-. 25 or all respondents who are only Clients of National Life Insurance chose this product because it is facilitated by their office. This is the impact of the implementation of The Law of the Republic of Indonesia Number 40 of 2004 in article 13 concerning the National Social Security System states, “Employers are obliged to gradually register themselves and their workers as participants with the Social Security Administering Body, in accordance with the social security program that is being followed.”. all members of this group work for private companies. they don't have National Health Insurance or other private insurance because they feel that one product of insurance is enough.

3.3. Private insurance to get better or complementary services.

The fifth group is the people that only has private insurance. 5 out of 8 private insurance customers are dominated by generation z (10-25 years) who have incomes ranging from 2 million IDR – 4 million IDR per month. Apart from office facilities, another reason stated by Generation Z in choosing private insurance is that private insurance services ranging from the registration process to claim services are considered better than public insurance and flexibility is also the reason Generation Z chooses private insurance. As one example of Miss R's statement, 20 years old argues that “memilih ini (one of Private Insurance Product) Karena pembayaran premi bisa disesuaikan dengan penghasilan” – choose insurance product from privat company because the time and price of premium payments can be adjusted according to income. This paper supports the statement [12], one of the things that need to be considered in insurance product schemes that are suitable for rural communities, is paying attention to the flexibility of payment procedures with local level requirements.

The Last Group is a villager who has not only private insurance products but also national insurance products. In this group 30 out of 36 respondents earn 4 million IDR–10 million IDR. Private insurance products are perceived as complementary to national insurance because ownership of private insurance products can improve health care services in hospitals. Starting from room upgrades and medicine even to post-ill care, this group is the reason this group follows private health insurance products. As one statement from Mrs. N 25 years old said that “sangat baik, karena kembali lagi asuransi swasta yang diberikan dapat membantu benefit dari asuransi nasional yang sekiranya belum memenuhi” - private insurance products can help health care that is not provided by national insurance products-. other private insurance products that are widely taken are old-age insurance and pensions. This insurance is widely chosen for investment and anticipation after entering the age of not working. As stated by Mrs. ER 50 years old said that “Karena untuk meminimalisir hal-hal yang tidak diinginkan di masa tua - she bought a private old-age insurance product because to minimize unwanted things in old age-.

4. Conclusion

The conclusion of this paper is that Indonesian rural communities have known and agreed to the benefits of health or life insurance products, but awareness of having insurance is still low, the Indonesian government’s coercive policies for Indonesian residents to have health insurance and forcing companies to cover life insurance for their workers are very effective. increase purchases of national insurance products. Private insurance products to reach rural areas in Indonesia must pay attention to several aspects, payment flexibility, assistance and convenience in registration and services, as well as providing services that can cover services that are not provided by national insurance products.

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