Research Paper

Level of Risk Awareness and Insurance Literacy of Ilocanos Residing in Ilocos Sur

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Abstract

Numerous individuals exhibit hesitancy towards procuring insurance, potentially attributed to their confidence in not requiring it or their perception of insurance as excessively complex, influenced by the plethora of available information. The objective of this study was to determine the level of risk awareness and insurance literacy of the general public in different municipalities and component cities of Ilocos Sur. There were five hundred thirty-four (534) individuals from different municipalities in Ilocos Sur, and stratified random sampling was used. This study employed a descriptive-correlational research design using a quantitative approach. The researchers used a survey questionnaire as the primary research instrument. To correlate the levels of awareness of the Ilocanos about health and life insurance with their insurance literacy, the researchers used the International Business Machine Statistical Package for the Social Sciences (IBM SPSS), specifically correlation analysis. The research shows a strong correlation between risk awareness and insurance literacy among the general public in Ilocos Sur, with respondents exhibiting heightened awareness of safety, security, return, and liquidity aspects of insurance, emphasizing health as a primary concern, and placing significance on familial considerations when insurance. The data indicates a clear understanding of the concept of beneficiaries and reflects a discerning public with a keen understanding of insurance decisions.

Keywords: *General Public; Risk Awareness; Insurance Literacy; Benefits; Policies*

INTRODUCTION

Insurance plays an essential role in the financial well-being of every individual. A contract in which an individual receives financial protection or payment from an insurance company. Financial literacy represents having knowledge of financial services and the products of individuals and the ability to make effective decisions using this information (Dalkilic, 2015). Individually, everyone can benefit from having insurance coverage because it is a critical risk management tool. Through the transfer of an individual's losses to an insurance firm, the insurance mechanism assists in mitigating the financial load caused by unfavorable circumstances (Weedige, 2019). Hence, insurance prevents any single event from having a significant detrimental financial effect on the insured. Different types of insurance can be purchased, such as life insurance, health insurance, vehicle and accident insurance, property insurance, educational insurance, travel insurance, and fire insurance. However, many people are still hesitant to get insurance for various reasons; it may be because they are confident that they do not need it or that they perceive insurance as something too complicated due to the overwhelming amount of information. The complexity of insurance decisions may mean that people avoid thinking about it, which can lead to issues with individuals not getting adequate insurance (Lin & William, 2019).

It is difficult to measure an individual's insurance literacy level without first comprehending the aspects that determine its evaluation, such as age, sex, income, and others. Lusardi and Mitchell (2021) suggested that effective financial literacy education uses simplification, a personal approach, and targeted programs. Individuals considered at risk of low financial literacy also tend to be the elderly and those of lower socioeconomic and/or educational status (Harnett, 2019).

There are several risks and considerations to be aware of when subscribing to an insurance

policy. These risks can vary depending on the type of insurance and the specific policy purchased. Some common risks associated with insurance include safety, security, return, and liquidity. Understanding the risks associated with subscribing to an insurance policy is of paramount importance in making informed financial decisions and safeguarding one's financial well-being. Insurance is designed to protect against unforeseen events, but it comes with its own set of complexities and potential pitfalls. Awareness of these risks empowers individuals to make prudent choices when selecting coverage, ensuring that policies align with their needs and financial capabilities. Moreover, a comprehensive understanding of insurance risks allows policyholders to navigate the claims process more effectively and avoid potential disputes or unexpected financial burdens.

The researchers believe that this study will be significant to the respondents, community, insurance providers, researchers, government officials, and the economy. It can influence respondents and the community to understand the benefits, policies, and terminologies of insurance. This research study aims to widen the respondents' understanding about insurance and show its significance to the community to gain additional knowledge about the advantages of insurance and the things to consider in the decision-making process. It is also significant for the insurance provider to serve as a source of reference and basis for knowing the level of insurance literacy of every individual; this will give them insights and ideas about the things that need improvement. It is also significant to the government to serve as a basis for knowing the plans or laws to implement that will benefit insurance users and providers. It is also significant to the economy because it serves as information dissemination about insurance, and its benefits are given to every individual. It is also beneficial for researchers to enhance and develop their learning capacity, particularly their awareness of this topic. Lastly, it is beneficial for future researchers to have a basis for their study related to insurance literacy.

This study aimed to determine the level of risk awareness and insurance literacy of the general public in different municipalities and component cities of Ilocos Sur. Specifically, it sought to answer the following questions: (1) What is the profile of the respondents in terms of: age, sex, civil status, highest educational attainment, and insurance subscribed? (2) What is the risk awareness of Ilocanos about health and life insurance in terms of: safety, security, return, and liquidity? (3) What is the level of insurance literacy of the general public about health and life insurance in terms of the following: benefits, policies, and terminologies? (4) Is there a significant relationship between risk awareness and the insurance literacy of the general public in Ilocos Sur?

LITERATURE REVIEW
On Risk Awareness

Ojeisekhoba (2021) stated that the threat posed by climate change and other challenges, such as cyber-attacks and the impact of the pandemic on mental health, are currently affecting people's lives, jobs, and property all across the world. Because of these risks, risk pools are growing and have a more significant influence. This is a chance for insurers to concentrate on expanding equal access to insurance to enhance societal resilience. This entails reaching the most vulnerable individuals and offering them access to inexpensive insurance coverage. Governments and insurers can work together to address the underlying causes of underinsurance. To do this, cost must be prioritized while also raising risk awareness to attract more clients.

On Benefits

Weedige et al. (2019) concluded that consumers with better insurance literacy are more likely to acquire insurance based on perceived product benefits and favorable sentiments. Insurance customers say they buy insurance policies because they see various benefits such as loss

payment, compliance with legal requirements, controlling cash flow unpredictability, boosting risk control activities, effectively using an individual's resources, credit assistance, and peace of mind.

Bredenkamp et al. (2017) discovered that the Philippines has seen a tremendous expansion of health insurance coverage in recent years, particularly among people experiencing poverty. In particular, the implementation of the 2012 Sin Tax Law, which increase the tobacco and alcohol excise tax and earmarked most of the incremental revenues for PhilHealth premium subsidies for indigent households, contributed to an increase in the number of families receiving government-subsidized health insurance from 5.2 million to 15.3 million low-income families and senior citizens between 2012 and 2015.

On Policies

Weedige et al. (2019) stated that most individuals are unfamiliar with personal insurance and are unaware of the value and usefulness of such policies. Previous research has validated people's desire for general insurance, but it has also highlighted the resulting lack of trust and the role of behavioral decision-making biases in such decisions. Inadequate awareness and understanding of insurance policies may hinder consumers' purchasing decisions; however, more accessible disclosures or simpler contract formats may enhance outcomes. Government laws cannot ensure that customers make sensible purchasing decisions independently. An educated and informed consumer population is a critical component of market regulation and the most effective approach to ensuring that substandard or dishonest sellers fail.

On Terminologies

Braun et al. (2017) found that only 23% of their respondents comprehended the vocabulary used in their health insurance policy, around 50% knew their monthly payment, and very few understood health insurance acronyms. Consumers who grasp insurance principles and terminology may be relatively poor insurance shoppers if they do not comprehend the terms of their insurance policy. These findings imply that reconsidering the design of insurance disclosures may be a helpful option for enhancing consumer insurance literacy.

Rustam and Ariantari (2018) stated that insurance is a contract between two parties, the insurance company or insurer and the policyholder, that allows the insurance company to collect premiums from the policyholder. In exchange, the insurer would compensate the policyholder for any loss, damage, incurred expenditures, lost profits, or legal obligation to a third party that may occur because of unforeseeable circumstances. According to the agreement, the insurance company would also pay for the insured's death. Insurance has various advantages in a country, including risk transmission, risk-based pricing, and investment functions.

Adegboyega et al. (2020) stated that even well-educated and literate patients with minimal health care experience may struggle with the complexities of health care terminology and processes. Participants expressed frustration with understanding their health insurance coverage and the many health insurance terms. Some participants stated that they did not receive information on their health insurance, while others stated that the information they received was highly unclear. Inadequate awareness of essential health insurance words prohibits customers from making fully informed decisions in selecting the correct health plan or using their coverage effectively to seek health care services.

RESEARCH METHOD
Research Design

This study used a descriptive-correlational research design with a quantitative approach. The research was conducted using a survey questionnaire to collect data on the level of insurance

literacy of the general public in Ilocos Sur. For this study, the variables include the risk awareness of the respondents regarding the subscription of insurance policies. Therefore, a quantitative methodology was used because data will be collected from a sample. The researchers aimed to determine the relationship between risk awareness and the level of insurance literacy of the general public in Ilocos Sur.

Participants

The sample of this study came from the general public of Ilocos Sur. This study utilized Stratified Random Sampling. Specifically, there were five hundred thirty-four (534) individuals from the different municipalities and component cities of Ilocos Sur. The respondents were prorated based on the 2020 Total Population per municipality and component city in Ilocos Sur, as provided by the Philippine Statistics Authority (PSA) (Philippine Statistics Authority, 2021).

Table 1. Participants

Municipality/City	Population	Percentage	Respondents
Alilem	7,361	1.04	5
Banayoyo	7,931	1.12	6
Bantay	37,118	5.26	27
Burgos	12,793	1.81	9
Cabugao	38,884	5.51	29
Candon City	61,432	8.70	44
Caoayan	19,574	2.77	14
Cervantes	19,449	2.75	14
Galimuyod	10,244	1.45	7
Gregorio del Pilar	4,472	0.63	3
Lidlidda	4,705	0.67	10
Magsingal	31,308	4.43	22
Nagbukel	5,465	0.77	4
Narvacan	46,234	6.55	33
Quirino	9,306	1.32	7
Salcedo	11,110	1.57	8
San Emilio	7,206	1.02	8
San Esteban	8,381	1.19	6
San Ildefonso	8,190	1.16	6
San Juan	26,674	3.78	19
San Vicente	13,118	1.86	9
Santa	14,992	2.12	11
Sta. Catalina	14,493	2.05	10
Sta. Cruz	41,366	5.86	33
Sta. Lucia	25,966	3.68	21
Sta. Maria	30,006	4.25	23
Santiago	19,471	2.76	14
Sto. Domingo	29,041	4.11	29
Sigay	2,552	0.36	4
Sinait	25,998	3.68	19
Sugpon	4,930	0.70	3
Suyo	10,766	1.52	9
Tagudin	41,358	5.88	29
Vigan	53,935	7.64	39
Total	**706,009**	**100.00**	**534**

Research Instrument

The researchers used a survey questionnaire as the primary research instrument. The questionnaire was adapted from the *Questionnaire on Health Insurance* and a *Survey Schedule on Micro Insurance* (Bania & Thappa, 2018).

The questionnaire consisted of three sections, mainly the respondents' profiles and statements, and was selected on the basis of their agreement using a 4-point Likert Scale.

Part I present the sociodemographic profile of the respondents in terms of age, sex, civil status, and highest educational attainment. On the other hand, Part II consists of statements to determine the knowledge of the general public in terms of risk awareness in which the respondents will select their agreement level through a 4-point Likert Scale. Lastly, Part III consists of the level of insurance literacy of the general public in terms of benefits, policies, and terminologies.

Data Gathering Procedure

To achieve the objectives of the study, the researchers followed a definite procedure. The researchers obtained ethical clearance from the Research Ethics Committee, obtained permission from the Office of the Dean of the College of Business Education, and provided letters of consent to the selected participants of the study. The researchers met the target participants and explained to them the objectives, nature, and extent of their participation in the research. Then proceeded to float the questionnaires by using Google Forms. After which, the data gathered are analyzed, interpreted and discussed with the informants without including their names in the discussion to protect their identity.

Data Analysis

Data gathered were analyzed and interpreted using statistical tools. Frequencies and Percentages to know the profile of the respondents. The mean was used to determine the risk awareness of Ilocanos about health and life insurance. The Likert scale below was used to measure the data.

Table 2. Data Measurement for Risk Awareness

Point Value	Range of the Means	Descriptive Interpretation
4	3.26 – 4.00	Highly Aware
3	2.51 – 3.25	Aware
2	1.76 – 2.50	Moderately Aware
1	1.00 – 1.75	Not Aware

The level of insurance literacy of the general public about health and life insurance was assessed using the mean. The Likert scale shown below was used to analyze and interpret the results:

Table 3. Data Measurement for Insurance Literacy

Point Value	Range of the Means	Descriptive Interpretation
4	3.26 – 4.00	Strongly agree
3	2.51 – 3.25	Agree
2	1.76 – 2.50	Disagree
1	1.00 – 1.75	Strongly disagree

Pearson's r correlation was used to determine the level of risk awareness to the insurance literacy of the general public in Ilocos Sur. Data analysis was performed using International Business Machines' Statistical Package for the Social Sciences v26.0. P values of <.05 were considered statistically significant.

FINDINGS AND DISCUSSION

Table 4 showed that young respondents have greater confidence and belief that subscribing to insurance will safeguard them against any unforeseeable damages or loss.

a. For the respondents that have subscribed to any insurance, the majority among them, with a frequency of 82 or 23.03%, belong to the below 25 years old age bracket and a frequency of 19 or 5.34% of the respondents belong to the age bracket of 50 to 59 years old.

b. For the respondents who haven't subscribed to any insurance, 160 or 89.89% of them are below 25 years old and none of them belong to the age brackets of 35–39 years old, 50–54 years old, and 60 years and above.

Table 4. Profile of the Respondents

	With Insurance		Without Insurance	
	f	%	f	%
Age				
below 25 years old	82	23.03	160	89.89
25–29 years	63	17.70	10	5.62
30–34 years	58	16.29	3	1.69
35–39 years	39	10.96	0	0.00
40–44 years	33	9.27	3	1.69
45–49 years	22	6.18	1	0.56
50–54 years	19	5.34	0	0.00
55–59 years	19	5.34	1	0.56
60 years and above	21	5.90	0	0.00
Sex				
Male	136	38.20	68	38.20
Female	220	61.80	110	61.80
Civil Status				
Single	168	47.19	172	96.63
Married	166	46.63	6	3.37
Separated	9	2.53	0	0.00
Widowed	13	3.65	0	0.00
Educational Attainment				
Elementary Undergraduate	0	0.00	0	0.00
Elementary Graduate	1	0.28	1	0.56
High School Undergraduate	3	0.84	3	1.69
High School Graduate	26	7.30	17	9.55
College Undergraduate	77	21.63	133	74.72
College Graduate	249	69.94	24	13.48

Female respondents are more engaged in considering their future and subscribing to insurance policies. A similar study by Adepoju et al. also suggested that females had a higher competency in comparing and using health insurance benefits, but not in choosing or managing health insurance benefits.

Among the respondents, 220 (61.80%) of those who have insurance and 110 (61.80%) of those who do not have insurance are Females. They are more risk-conscious and diligent in financial planning, leading them to explore insurance options more actively.

Single respondents are more engaged in subscribing to an insurance policy. Among the respondents, 168 (47.19%) of those who have insurance and 172 (96.63%) of those who are not subscribed to any insurance are Single. These individuals do not have a partner with whom to share financial responsibilities, prompting them to prioritize their own protection against unforeseen

events. Additionally, for single individuals who wish to safeguard their parents and future spouses, considering an insurance policy can be the most beneficial thing.

Respondents with higher education levels might be more familiar with more complex insurance terms, policies, and concepts. A similar study by Mahdzan (2013) showed that education level is significantly related to life insurance demand. This finding supports Li et al. (2007) and implies that people who are more educated are more aware of the benefits of life insurance and may possibly have easier access to life insurance through banks and financial intermediaries than those with low levels of education.

a. For those respondents who have subscribed to insurance, 249 or 69.94% of them are College Undergraduates.
b. For those respondents who have not subscribed to any insurance, 133% or 74.72% of them are College Undergraduates.

Table 5. Level of Risk Awareness

Factors	With Insurance		Without Insurance	
	M	VI	M	VI
Safety	3.74	Fully Aware	3.54	Fully Aware
Security	3.73	Fully Aware	3.52	Fully Aware
Return	3.48	Fully Aware	3.25	Aware
Liquidity	3.42	Fully Aware	3.15	Aware
Overall mean	**3.59**	**Fully Aware**	**3.36**	**Fully Aware**

*Note***:** 1:00–1.75 = Not Aware; 1.76 – 2.50 =Moderately Aware; 2.51 – 3.25 =Aware; 3.26 – 4.00 = Fully Aware

Table 5 revealed that the respondents are aware that taking necessary measures, such as subscribing to an insurance policy, can minimize the likelihood of damages or losses caused by accidents.

a. For those respondents who have subscribed to an insurance, a mean of 3.74 was obtained, which implies that they are fully aware that safety risk can motivate them from subscribing to an insurance.
b. For those respondents who haven't subscribed to any insurance, they are fully aware that safety risk can motivate them from subscribing to an insurance, with a mean of 3.54.

The respondents are aware of the importance of reviewing an insurer's financial stability, policy terms, and industry reputation before subscribing to them, in order to gauge how secure their money would be.

a. For those respondents who have subscribed to insurance, a mean of 3.73 was obtained, which implies that they are fully aware that security risk can motivate them from subscribing to insurance.
b. For those respondents who have not subscribed to any insurance, they are fully aware that security risk can motivate them from subscribing to an insurance, with a mean of 3.52.

The respondents are aware of the possible mismatch between the premiums they will pay and the benefits they will receive.

a. For those respondents who have subscribed to insurance, a mean of 3.48 was obtained, which implies that they are fully aware that return risk can motivate them from subscribing to insurance.
b. For those respondents who have not subscribed to any insurance, they are aware that return risk can motivate them from subscribing to an insurance, with a mean of 3.25.

The respondents are aware of the possibility of insurance policy terms having limited access to cash or having penalties imposed upon early withdrawals, which might give rise to complications when they need immediate cash.

a. For those respondents who have subscribed to insurance, a mean of 3.42 was obtained, which implies that they are fully aware that liquidity risk can motivate them from subscribing to insurance.

b. For those respondents who have not subscribed to any insurance, they are aware that liquidity risk can motivate them from subscribing to insurance, with a mean of 3.15.

Table 6. Level of Insurance Literacy

Statement	With Insurance		Without Insurance	
A. Benefits	**M**	**VI**	**M**	**VI**
1. I can access important information to check the benefits of insurance.	3.65	SA	3.40	SA
2. Insurance can lessen the financial burden of risk that I can face.	3.66	SA	3.38	SA
3. Insurance helps me minimize or eliminate the risks and uncertainties of life.	3.59	SA	3.39	SA
4. Insurance can protect my earnings from unforeseen expenses.	3.61	SA	3.37	SA
5. I am considering subscribing to health insurance to spend less on my check-ups or hospitalizations.	3.63	SA	3.48	SA
6. I am considering buying health insurance to prepare for cases of need for medical attention.	3.69	SA	3.53	SA
7. I am considering buying health insurance to cover hospital expenses, room and board, medicine, and professional services.	3.62	SA	3.52	SA
8. I am considering applying for life insurance to help my beneficiaries with their living expenses.	3.62	SA	3.47	SA
9. I am considering buying life insurance to provide a budget for my unresolved obligations.	3.39	SA	3.26	SA
10. I am considering buying life insurance to provide funds for my dependents.	3.61	SA	3.40	SA
Composite mean	*3.61*	*SA*	*3.42*	*SA*
B. Policies				
1. I can check the detailed terms and conditions before buying an insurance policy.	3.65	SA	3.46	SA
2. I can compare companies in terms of their policies.	3.58	SA	3.33	SA
3. I can compare expensive policies with cheaper ones in terms of their features and benefits.	3.56	SA	3.30	SA
4. I prefer insurance with a fixed monthly premium to avoid sudden increases in monthly payments.	3.59	SA	3.34	SA
5. I am considering the future of my insurance policy.	3.67	SA	3.52	SA
6. I consider my family size, medical history, and budget before buying insurance.	3.68	SA	3.50	SA
7. I can assess the coverage of a policy before subscribing to insurance.	3.62	SA	3.41	SA
8. I understand how the claims process works.	3.58	SA	3.31	SA
9. I consider buying insurance at an early stage in my life.	3.63	SA	3.39	SA
10. I prefer insurance with the longest possible term.	3.58	SA	3.43	SA
Composite mean	*3.61*	*SA*	*3.40*	*SA*

Statement	With Insurance		Without Insurance	
C. Terminologies				
1. A policyholder is the person who owns an insurance policy.	3.68	SA	3.33	SA
2. An insurer is a person or company providing or selling insurance.	3.64	SA	3.40	SA
3. Beneficiaries are the individuals or entities you legally name in your insurance policy to receive the benefits.	3.75	SA	3.54	SA
4. Premium is the cost incurred by an insurer to provide the coverage stated in the policy.	3.59	SA	3.21	A
5. The policy document is an insurance contract outlining the important characteristics, terms, and conditions between the insurance company and the insured.	3.63	SA	3.35	SA
6. Cash Lump Sum is the amount of money an insurance company pays to the insured in one payment rather than installment.	3.49	SA	3.11	A
7. Accidental death benefit is usually paid in addition to the standard benefits of an insured who died accidentally rather than from natural causes.	3.59	SA	3.30	SA
8. Underwriting is a procedure that every insurance coverage applicant must follow.	3.42	SA	3.08	A
9. Life assured is the individual whose life is protected by the insurance policy.	3.65	SA	3.42	SA
Composite mean	*3.60*	*SA*	*3.30*	*SA*
Overall Mean	**3.61**	**SA**	**3.37**	**SA**

Table 6 showed that the respondents' primary concern in considering subscribing to insurance is their health.

a. For those respondents that have subscribed to an insurance, the highest mean of 3.69 was garnered for health benefits of an insurance, which implies that they strongly agree with such benefits.

b. For those respondents who have not subscribed to any insurance, they strongly agree that health benefits can motivate them to subscribe to an insurance, with a mean of 3.53.

The respondents considered the future of their insurance policy and other factors such as family size, medical history, and budget.

a. For those respondents that have subscribed to insurance, the highest mean of 3.68 was garnered for considering the future of their policies, which implies that they strongly agree with such a policy.

b. For those respondents who have not subscribed to any insurance, they strongly agree that family size, medical history, and budget can motivate them from subscribing to an insurance, with a mean of 3.52.

The respondents know the importance of indicating the individuals who would be covered by the insurance policies.

a. For those respondents who subscribed to insurance, the highest mean of 3.75 was garnered for the term, "beneficiaries" which implies that they are fully aware of the term.

b. For those respondents who have not subscribed to any insurance, they are fully aware of the term, "beneficiaries", having a mean of 3.54.

Table 7. Relationships between Risk Awareness and Insurance Literacy of the General Public in Ilocos Sur among those with insurance

Risk Awareness		Insurance Literacy		
		Benefits	*Policies*	*Terminologies*
Safety	r	.487**	.471**	.467**
	p-value	.000	.000	.000
Security	r	.503**	.495**	.471**
	p-value	.000	.000	.000
Return	r	.510**	.464**	.402**
	p-value	.000	.000	.000
Liquidity	r	.520**	.522**	.431**
	p-value	.000	.000	.000

Note: Correlation is significant at the 0.05 level

It can be seen from Table 7 that all relationships were statistically significant. Based on the direct effects, it can be concluded that the relationships established as hypotheses were not valid with a 95% confidence level. Table 4 summarizes the information on the conclusions of the hypotheses. The relationship between risk awareness and insurance literacy of the public had a p-value of 0.05. Hence, risk awareness influences the insurance literacy of the public in Ilocos Sur among those with insurance.

Table 8. Relationships between Risk Awareness and Insurance Literacy of the General Public in Ilocos Sur among those without insurance

Risk Awareness		Insurance Literacy		
		Benefits	*Policies*	*Terminologies*
Safety	r	.384**	.364**	.289**
	p-value	.000	.000	.000
Security	r	.492**	.424**	.381**
	p-value	.000	.000	.000
Return	r	.447**	.363**	.361**
	p-value	.000	.000	.000
Liquidity	r	.451**	.364**	.355**
	p-value	.000	.000	.000

Note: Correlation is significant at the 0.05 level

It can be seen from Table 8 that all relationships were statistically significant. Based on the direct effects, it can be concluded that the relationships established as hypotheses were not valid with a 95% confidence level. Table 5 summarizes the information on the conclusions of the hypotheses. The relationship between risk awareness and insurance literacy of the general public had a p-value of lower than 0.05. Hence, risk awareness influences the insurance literacy of the general public in Ilocos Sur among those without insurance.

CONCLUSIONS

The outcome of this research has provided insights into the correlation between the level of risk awareness and the level of insurance literacy of the general public in Ilocos Sur. Considering the profile of the respondents, most of them have subscribed to insurance.

The findings illustrate a strong correlation between the level of risk awareness and insurance literacy among the general public of Ilocos Sur. Respondents exhibited heightened awareness, particularly in the safety, security, return, and liquidity aspects of insurance. This heightened awareness suggests a sense of security, indicating a solid understanding that their investments are safeguarded by insurance policies. In addition, the substantial awareness of risks related to returns

and liquidity implies a nuanced comprehension of how these factors impact financial outcomes.

Examining the benefits associated with insurance, the data highlight a pronounced emphasis on health. Ilocanos' consideration for health insurance to prepare for medical emergencies received the highest mean for both those who have and those who do not have insurance. This underscores health as a primary concern for the public, surpassing other obligations.

Concerning policy considerations, Ilocanos consider the future of their insurance policies and factor in family size, medical history, and budget as these receive the highest ratings. This emphasizes the significance placed on familial considerations when purchasing insurance. The data indicates a thoughtful approach, particularly regarding the well-being and future of family members, notably children.

Exploring familiarity with insurance terminologies, respondents generally expressed strong agreement where the term "beneficiaries" stood out with the highest rating for both those who had insurance and those who did not. This suggests a clear understanding of the critical concept of naming individuals or entities to receive policy benefits.

Overall, the data reflects a robust connection between risk awareness and insurance literacy, showcasing a discerning public with a keen understanding of the intricacies involved in insurance decisions.

Based on the findings, several recommendations are recommended as follows: (1) Ilocanos should consider subscribing to insurance, especially health and life insurance policies, as these are helpful when emergencies occur. (2) Financial experts, actuaries, or insurance professionals should further provide insights and real-life scenarios, especially regarding liquidity risks, to the general public to further encourage them to subscribe to insurance. With this, the public, especially those with businesses, would be well aware of such risks and would help them in their investment behavior. (3) Ilocanos should consider subscribing to insurance to provide a budget for their future unresolved obligations. This acts as their security, thereby offering financial protection against unforeseen risks such as losses. (4) Ilocanos should be more critical in comparing expensive insurance policies with cheaper ones. With this, differences in insurance coverage, pricing structures, value for money, and coverage gaps are determined, which would help them avoid overpaying for features that may not be relevant. (5) Insurance professionals should further emphasize the goal of underwriting, which is to mitigate risks for both the insurer and the insured. They should also explain to applicants that underwriters continuously evaluate the risks associated with insurance and may be revisited during policy renewals. With underwriting, the financial risks for the insurer are managed well and coverage is provided to the customers.

LIMITATION & FURTHER RESEARCH

A follow-up study through the conduct of an interview of the respondents is highly recommended for a more in-depth study on the risk awareness and insurance literacy of Ilocanos.

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