

**PANNON EGYETEM
GAZDÁLKODÁSI KAR ZALAEGERSZEG**

Insurance Perception in The Hungarian Population

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Zalaegerszeg, 2023.12.11.

Juhász Ákos s.k

hallgató aláírása

Table of Contents

- 1. Introduction 5
 - 1.1. Research Objectives 5
 - 1.2. Research Questions 6
 - 1.3. Significance of the Study 6
- 2. Literature Review 6
 - 2.1 Historical Evolution of the Insurance Market in Hungary 6
 - 2.2. Studies on Insurance Perceptions Worldwide 8
 - 2.3. Gaps in Existing Literature..... 9
- 3. Methodology 9
 - 3.1. Data Collection..... 9
 - 3.2. Sampling..... 9
 - 3.3. Ethical Considerations..... 10
- 4. Insurance Awareness and Understanding in Hungary 10
 - 4.1. Levels of Insurance Awareness 10
 - 4.2. Factors Influencing the Understanding of Insurance..... 11
 - 4.3. The Role of Education and Media..... 13
- 5. Perceptions of Insurance as a Financial Product 16
 - 5.1. Trust in Insurance Companies 16
 - 5.2. Perception of Insurance Premiums 16
 - 5.3. Attitudes Towards Different Types of Insurance (Life, Health, Property, etc.)..... 17
- 6. The Impact of Insurance Perception on Financial Behavior 21
 - 6.1. Relationship Between Insurance Coverage and Financial Security 21
 - 6.2. Behavioral Biases (Risk Aversion, Loss Aversion, etc.) in Insurance Decisions 21
 - 6.3. Case Studies of Financial Security and Insurance..... 23
- 7. Overview of Data Collected 24
 - 7.1. Findings from Surveys 24
- 8. Discussion 28
 - 8.1. Interpretation of Findings 28
 - 8.2. Implications for Hungarian Financial Security 32
 - 8.3. Comparisons with Global Insurance Perception Trends 34
- 9. Policy Recommendations 36
 - 9.1. Enhancing Insurance Literacy Programs 36
 - 9.2. Regulatory Reforms 37

9.3.	Public Awareness Campaigns	39
9.3.1	Segmented Targeted Messaging Campaigns:.....	39
9.3.2	Interactive Workshops on Educational Content:.....	39
9.3.3	Working with Influencers.....	40
9.3.4	Real-Life Scenarios Storytelling Approach:.....	40
9.3.5	Use of Social Media Engagement Campaigns	40
9.3.6	Public Service Announcements.....	40
9.3.7	Collaboration with Educational Institutions.....	40
9.3.8	Government Approval.....	40
9.3.9	Mechanisms of Continuous Feedback.....	41
10.	Conclusion.....	41
10.1.	Recap of Key Findings	41
10.2	Future Research Directions	42
11.	Appendices	42
11.1.	Survey Questionnaires.....	42
12.2.	Bibliography.....	46

1. Introduction

Insurance plays a pivotal role in our financial security. This financial construct has, over time, become one of the most important pillars of the financial world, protecting wealth and assets for individuals, as well as for companies, while remaining profitable. In order to be profitable, however, insurance companies must rely on agents, brokers, and other methods, to sell their products to customers. Central to this problem is the intricate matrix of public perception, which is a critical factor and determinant of engagement with insurance products. Understanding the current prevailing attitudes, beliefs, and psychological constructs that shape these perceptions is crucial for policy makers and agents, so that by understanding these economical dynamics, they may prove to be more successful.

This research is grounded in personal experiences gained during an affiliation with NN Insurance Zrt, where interactions with a diverse clientele unveiled a recurrent mystery: a discernible reluctance among clients to engage in discussions involving insurance. In this context, a series of notable questions emerged, reflecting the reasons for this hesitancy. What preconceived notions exist about insurance? Is it viewed favorably as a protective financial instrument, or is it laden with unfavorable undertones? The incentive to explore these inquiries stems from the need to comprehend the psyche of the population in their interactions with insurance.

But what is insurance? According to Oxford Languages, the definition is the following: “An arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium”.

Julia Kagan writes about insurance like this: “Insurance is a contract, represented by a policy, in which a policyholder receives financial protection or reimbursement against losses from an insurance company.” [Investopedia]

These are but raw definitions. During my time in NN Insurance, I have gained a new understanding of what insurance really is. For some, it is security. For others, it is a device to reach their financial goals. Every life is different, and people hold different things dear to their heart. Some want insurance because they do not wish to leave their family in a financial crisis, should anything happen to them. In this case, love, or in a broader spectrum, emotion is the driving decision-making factor. Some see it as an investment, a way to battle inflation and perhaps reach additional interest. These men are more logical, rational, and they need different information. There are many cases for both. Some people are afraid of risks, some people want to travel the world without worry. But one thing is for certain: Everyone has a perception of insurance, and this can determine, extremely early on, whether or not a business deal will happen.

1.1. Research Objectives

The motivations underlying this study are twofold. First, as a practitioner in the financial domain, I encountered hurdles in establishing meaningful conversations with clients. Beyond the transactional aspects, the core challenge often rests on dismantling barriers and misconceptions related to insurance. This aim extended beyond transactional engagement to encompass the facilitation of transparent and mutually beneficial interactions. By peeling back

the layers of skepticism and reservations, a profound need has emerged to explore the psychological substrates of these perceptions.

Second, the research is propelled by a broader aspiration that extends beyond the confines of personal experiences. The intention is to enhance the broader comprehension of the insurance's role in individual and collective financial security. In society, this understanding can mold policies, influence educational initiatives, and shape practices within the financial sector. The confluence of these aspects contributes substantially to the financial well-being of society.

1.2. Research Questions

This study addressed a series of critical questions.

- What are the prevalent perceptions regarding insurance as a financial instrument in the Hungarian demographic?
- What are the determinants and underpinnings of such perceptions?
- To what extent do educational and media channels influence these perceptions?
- How do these perceptions resonate within the financial behavior and decision-making processes of the populace?

1.3. Significance of the Study

The significance of this study transcends personal curiosity and professional interest. It extends to the realms of improved communication, informed educational programs, enlightened policy formation, and enhanced financial resilience. The outcomes of this study have the potential to refine the discourse between financial professionals and the public, engender the development of nuanced educational interventions, guide policymakers in shaping effective regulations, and ultimately fortify the financial security of society.

The following sections of this thesis will traverse the historical landscape of insurance in Hungary, appraise the global corpus of research on insurance perceptions, and identify pertinent voids in the existing literature. This scholarly journey endeavors to provide a comprehensive and illuminative analysis of this consequential subject matter.

2. Literature Review

2.1 Historical Evolution of the Insurance Market in Hungary

To better understand how insurance is perceived today, we need to examine some of the most important historical events and how they shaped the perception of insurance in Hungary. Compared to other European countries, insurance developed rather late in Hungary. One of the first such companies was called the Rév-Komáromi Hajozást Bátorságosító Társaság (a translation for this could be the Navigational Courage-boosting Society of Rév-Komárom). This company was founded in 1807, and, as its name suggests, it aimed to help encourage those who were afraid of transporting goods via ships. During these times, however, companies such as Rév-Komárom and others could only operate using capital from foreign countries and continued to do so until 1857. This year is significant because it was founded in 1857, when the First General Hungarian Insurance Company (EÁMBIT in Hungarian translation) was founded. This company had very strong, all-Hungarian capital and agents and, as such, from its conception, it was able to be a competitive insurance company. However, there were other reasons that proved to be significant. Almost all major insurance companies at that time,

including Generali and Adrian Insurance, emerged because of the success of EÁMBIT. (Tamás, 2019)

Between 1807 and 1857, all four major insurance types appeared in Hungary. The first was cargo insurance, the main contributors of which were grain traders and Trieste companies that sailed across waters. Today, the insurance of goods and cargo is performed by the moniker of general insurance. (Tamás, 2019)

The second was insurance against fire. Apart from the Trieste, this was covered by two large companies based on Wien and other local Hungarian companies.

Ice-insurance was introduced to Hungary by a company based out of Milano in the 1830s, but they withdrew from the country in the 1840s. The Trieste sometimes introduced and then suspended the selling of ice insurance, until Weisz Bernát Ferenc founded a company for this very reason in 1843. The interesting thing about this company was that the founders had resigned their capital if it were to be used to create a new, country-wide general insurance company. It later became the First Hungarian 14 years later. (Tamás, 2019)

The first company to sell life insurance in Hungary was Generali; for some time, there were no all-Hungarian life insurance companies. The main competitors to Generali were Janus, then Azizenda, Adrian, and the First Austrian Fire Insurance Company.

As time passed. The market cap for life insurance has been increasing. Until 1895, fire insurance was still the dominant insurance type, but life insurance was the fastest-growing branch. Although the introduction of insurance for accidents did not create a lot of income, it did reach many people and homes, allowing companies to reach the public more effectively, giving them a chance to cross sell a different product some time later. By 1913, there were 114 insurance companies operating in Hungary. (Tamás, 2019)

However, after the world wars, and the financial crisis it brought, most of the capital of these insurances companies were depleted. This also caused a loss in trust in them. The number of companies got drastically reduced, and by 1938, there were only 49 left. However, after the second world war, the insurance market came under governmental control, with the National Company of State Insurance being founded on the 20th of June, 1949. The government had a monopoly on insurance all the way until 1986, where it was finally replaced by two other companies. These companies were the State Insurance Company and the Hungaria Insurance. After this period, the market was dynamically improving, and once again, foreign insurers started to settle in to Hungary. In 1988, Atlas and Garancia Insurance became known to the Hungarian public, as foreign based, but available insurers. The following years seen a rapid increase in the prevalence of insurance, with some of the biggest companies solidifying during this period.

In today's market, many insurance companies are prevalent. Some of the biggest changes are ongoing, including the unification of Aegon and Union into the new Alfa Insurance Company, and an extraordinary profit tax enacted by the government in 2022 and 2023.

2.2. Studies on Insurance Perceptions Worldwide

There have been several studies made on the concept of life insurance. In Hungary, one of the first that comes to mind is Dr. József Banyár's "Életbiztosítás", which is a comprehensive study on life insurance (Banyár 2016). It contains a lot of useful information, including writings on risk and loss aversion, financial needs, as well as mathematic formulas to help calculate premiums, among many other things.

Barnabás Trunkó wrote about the public opinion on insurance. He wrote about it in 1996 for the journal Marketing and management (Trunkó 1996). According to him, even back in 1993, the public opinion of insurance began to deteriorate. This was, in part, due to the global financial crisis, which took a hold on Hungary as well. From him, we can find out that back in the 20s and 30s, most people used foreign currency, mainly U.S. Dollar, to insure themselves, in order protect against inner inflation. This was the case in 73% of all life insurance bond at that time. When the global crisis hit, it ruined the exchange rate for most of these currencies, so in 1934, the devaluation of the exchange rate reached up to 40%. To top all of this, the Austrian Phoenix Insurance Company went bankrupt, which had a considerable stock in Hungary. After the world war, however, the Soviet Union received most of the shares of foreign insurance companies (German, Italian, Austrian), as a form of reparations, however, it couldn't do very much with it. As mentioned previously, in 1949, the National Company of State Insurance gained a monopolium of insurance. Meanwhile, back in 1946, there was a prime ministerial decree, that all of the insurance bonds made in "Aranypengő" before the war was to be valorized, however, this never came to pass. The first decade of this monopolium didn't do much to improve the public relations, as the government introduced obligatory fire and ice insurance. Since this insurance company was a part of the government, it didn't need to make very good financial decisions. When they had profits, it went to the budget, and when it had deficit, the government budget made sure to top it off. In 1986, when this was no longer possible and the privatization of insurance started again, the new-founded companies could no longer keep up the cheap prices the state insurance could provide. This, coupled with a two-digit inflation level, caused premiums to constantly get more expensive. The public only saw, however, that as soon as the state took it's hand of of insurance, the privately owned companies' greed took hold, and this greed was what made the fees more expensive. This was their opinion at that time. Trust was already low because of the bankruptcy of certain banks and other financial institutes, so insurance companies were no exception. (Trunkó, 1996)

Jonathan Gruber writes about health insurance and the Labor Market. This is also an interesting angle to take, as a universal health insurance unfortunately cannot be found in every country. As such, when an employer provides this healthcare, it could have a positive effect on the labor market. The paper reviews health insurance, and it's connection to the labor market, especially job mobility. According to Jonathan Gruber, non-universal health insurance does seem to limit job-mobility, and to ability of secondary earners to leave the labor force. The paper finds that it also limits retirement, and limits the ability to stop using public assistance programs. This is an indication that, where there is no universal health insurance, people are having a harder time changing jobs, which could be negatively affecting their perception of the insurance, or it's lack of one

James Eardley write for the Future of Commerce. He said that insurance providers are a necessary evil, that people recognize that they are needed, but they do not like them. With the

pandemic, the negative perceptions only intensified, as customers who were already financially stressed tried to get more flexible billing and payment options. Also, if a provider did not have digital solutions, then customers were quick to change providers. James goes to mention that Peter Maas, a professor at University of St. Gallen, explained that even though insurance plays a necessary role in society, its customers tend to associate the company with the negative events such as death that compels them to submit a claim.

2.3. Gaps in Existing Literature

Although some literature can be found that discusses the perception of insurance, but most of these studies are a little outdated. Public opinion is ever changing, and as such it is important for policy makers as well as those who wish to sell insurance products to understand to current perceptions and opinions on this subject. This study aims to provide a more recent research into the public opinion, and maybe offer some advice on how best to counteract already existing stereotypes and perceptions.

3. Methodology

3.1. Data Collection

Since this thesis focuses on the opinions and attitudes of the average people towards insurance, one of the main data collection types I will use is a survey. The survey is complex, as it considers different casts of people. This will reveal how the attitude towards insurance products changes based on the level of highest education achieved, salary, and profession. Will those who work in a financial sector appreciate insurance more, as they would have a deeper understanding of the product? Or is it that those who have families depend on their financial and physical well-being? These are some of the questions that the survey will give an answer to.

I also worked as an insurance agent for one of Hungary's largest health insurance companies, NN Insurance, and I have had the opportunity to work with a stock of around 60 million HUF. During the data collection, I also took a look at my own database, and I tried to get conclusions by analyzing certain attributes of the people who have insurance products, including gender, role in the family, financial background and average monthly income, occupation, age, and future financial goals. Some of the data I used is publicly available, while others are strictly confidential.

3.2. Sampling

As mentioned before, the primary research used for this topic is of the quantitative type, more specifically surveying. Since the subject discussed in this paper relies heavily on subjective opinion, a research done by asking a lot of different people from different economic and social backgrounds seemed to be the perfect way to answer some of the questions this paper poses. Surveying allows for the collection of a large data sample, which ensures objectivity from subjective answers, and transparency as well.

In the survey, I asked individuals of their age, gender, highest education, current occupation, monthly income, and place of residence. The answers to these questions allowed me to place individuals in some socio-economic layer, some placing higher than others. While differentiating in this manner may seem unethical, it is entirely needed, as it allows me to prove

one of the points in this paper: Those who have a better economical status, or more highly educated than others, view insurance products completely differently. While some people may see it as an investment into their financial stability, others may see it as a burden, and as such, placing individuals according to their answers to the questions above allows me to see if it is truly the case.

3.3. Ethical Considerations

During data collection, it was important to respect everyone's privacy and their right to keep their data secure. As such, I will now detail the ethical considerations taken. First of all, for the survey, all participants filled out the survey by their own free will, and they were aware that it was going to be used in this study. This was ensured by myself, for the message that contained the link through which they were able to open the form, explained that it was going to be used for this research. Survey takers could also clearly read the title of the survey, which is identical to the title of this research.

Every response was gathered anonymously, and no names, e-mail addresses, or other personal information was collected, unless it was specifically and clearly a question in the survey that had to be answered. Through the use of Google Forms, it was ensured that no information about the devices used to fill out the surveys was collected. The collection of the answers and the data analysis was done on one device, to further provide security.

There were also some initial concerns about respondent bias. In the first round, I sent out this survey to my friends and colleagues, who are mostly the same age as me, and have similar educational background. As such, they would have already had knowledge about insurance, and their opinions and perceptions could be biased in this way. In order to mitigate this, I also shared the survey in different groups, to a number of different individuals with different backgrounds, to ensure that the respondents were truly from all categories of life.

4. Insurance Awareness and Understanding in Hungary

4.1. Levels of Insurance Awareness

In this section, I delve into the extent to which individuals are informed and knowledgeable about various aspects of insurance.

The first level of awareness is the general understanding of insurance. Do people know what it is? What is its purpose, and how it functions? In order to find an answer to this question, I will refer to the methodology used in this survey. According to my findings, it seems like the general population knows what insurance is, and how it functions, and it is more likely than not that if you meet a random person on the street, they will have some sort of insurance product already.

The next thing to discuss is the awareness of different types of insurance. Throughout my research, it seemed like people are mostly aware of the bigger groups, like health insurance, property insurance, or car insurance, but they are mostly unaware of the different types of insurance products that exist in each of these categories. I found out, to my surprise, that the most common insurance group among these was the property insurance. People also perceive this one to be the most important. It would then be a reasonable advice to policy makers to use

better communication through social media or other platforms to increase awareness about the different types of insurance products, not just the category of their industry/services.

Perhaps the next level of awareness is if individuals are aware of the terms and conditions of certain products. Since this one changes depending on what product clients purchase, a reasonable deduction could be made, in which we can determine the following: Those who have purchased an insurance product, are more aware of the terms and conditions, than people who do not own any. The extent of this awareness varies greatly depending on how the business was made. If it was made online, like in most cases of travel insurance, then we can hardly expect a person to read through an 80-page document detailing the terms and conditions. However, if we take a look at health insurance, and we assume an agent was there to make the business happen in-person, then it is more than likely that the gist of the terms and conditions was explained to the client, including the events which are eligible for a claim, events that are not, what happens if a client terminates the contract before the term expires, and other conditions. For this reason, it stands to reason that those who prefer in-person meetings also possess a higher level of awareness about insurance than others.

4.2. Factors Influencing the Understanding of Insurance

Investigating the Hungarian population's view of insurance shows a complicated interaction of elements that intimately influence to people' comprehension of and attitudes toward insurance products. This in-depth investigation includes a wide range of social, cultural, psychological, educational, media, political, and historical components, each of which has a distinct impact on the complicated fabric of public opinion on insurance.

Hungary's socioeconomic environment shows a range of economic strata, with people from various income categories having varying perspectives of insurance depending on their financial situations. High-income people often see insurance as a strategic investment that provides safety nets and strengthens their financial stability. This viewpoint stems from a desire to safeguard acquired money and possessions. Those with lesser incomes, on the other hand, may see insurance as an extra financial burden that may limit their capacity to satisfy their urgent needs. This socioeconomic lens sheds important insight on the many shades of insurance perception, illustrating how economic discrepancies lead to differing perceptions on the purpose and significance of insurance.

Another critical aspect of insurance perception in Hungary is cultural considerations, where a rich cultural heritage has a tremendous impact on society value. Individuals in cultures with highly valued close-knit family structures may depend on familial support networks rather than insurance to deal with unanticipated disasters. Deeply ingrained cultural ideas about fate and destiny also play a key effect in creating insurance views. Some people consider insurance as a way to regulate or alleviate life's uncertainties, while others see it as an unwarranted intrusion into fate. This centuries-old cultural tapestry adds greatly to the many shades of insurance perception, demonstrating how deeply embedded cultural values impact people' attitudes on risk and protection.

Psychological considerations, which are profoundly founded in behavioral economics, have a significant impact on how people perceive and comprehend insurance. The loss aversion

principle, which states that people prefer avoiding losses over earning comparable benefits, may have an influence on insurance decision-making. People may be more motivated to insurance against perceived short-term hazards than long-term, less evident ones. Furthermore, cognitive biases such as optimism bias may cause people to underestimate their vulnerability to hazards, impacting their desire to invest in comprehensive insurance coverage. Unraveling these psychological complexities contributes to our knowledge of why certain people are more risk-averse or risk-tolerant when it comes to insurance, offering insight on the complex interaction between human psychology and financial decision making.

Educational background and financial literacy have emerged as critical elements in determining insurance comprehension. Misconceptions and mistrust may be exacerbated by a lack of information or comprehension of insurance products, terms, and conditions. Financial education programs and efforts to increase insurance literacy may help to close the knowledge gap by allowing people to make educated choices regarding their insurance coverage. This instructional component not only helps to debunk insurance misconceptions, but it also fosters a feeling of agency in consumers as they traverse the vast landscape of insurance possibilities. Society can encourage a more educated and discriminating attitude to insurance, demystify complicated financial products, and build a more confident and active people by investing in financial education.

The media, as a major influencer of public opinion, contributes greatly to the insurance story. The media's representation of insurance, both positive and bad, may have a significant influence on public opinion. Insurance claim denial stories or sensationalized insurance fraud instances might lead to an unfavorable view of the sector. In contrast, well-designed educational efforts emphasizing the advantages of insurance and success stories may generate more favorable attitudes. Because of its pervasiveness, the media serves as both a mirror and a sculptor of public attitude toward insurance. Understanding and influencing media narratives are critical tactics for developing a favorable public impression of insurance, stressing its social importance, and refuting prevalent myths.

Government rules and regulations are an important component of insurance perceptions. Transparent, consumer-friendly laws may boost insurance sector confidence. A lack of regulatory clarity or instances of misbehavior inside a sector, on the other hand, may undermine public trust and lead to poor opinions. As a result, the regulatory environment plays an important role in building public trust in the insurance industry, affecting how consumers view the legality and dependability of insurance products. A strong and open regulatory structure not only protects customers, but also instills security and confidence, supporting society's opinion of insurance as a trustworthy and ethical financial product.

The historical backdrop of insurance in Hungary provides a chronological dimension to the examination. Understanding the insurance industry's historical growth, its role at important eras, and how it has reacted to social changes may give useful insights into the contemporary perspective of insurance. Economic crises or times of societal turmoil may make a lasting impression on how insurance is perceived. Analyzing this historical continuity is analogous to tracing the origins of the insurance story, aiding in the understanding of how the sector has developed and adapted to the changing requirements and expectations of the Hungarian people. Understanding the historical backdrop allows society to get a greater appreciation for the

insurance industry's resilience and adaptation, contextualizing its role in times of social change and uncertainty.

Finally, the Hungarian population's perspective of insurance is a complicated tapestry fashioned from the threads of social, cultural, psychological, educational, media, governmental, and historical forces. Recognizing and thoroughly examining these multiple elements is critical to developing a full picture of how insurance is viewed. This comprehension, in turn, serves as the foundation for developing successful initiatives to increase public knowledge and confidence in insurance products. The journey through the labyrinth of insurance perception in Hungary is a journey through society's collective consciousness, revealing not only what people know about insurance, but also how they feel and think about it in the context of their lives and the broader dynamics of their culture and history. Each discovered layer adds complexity to the tale, providing vital insights into the complex forces defining Hungary's public's relationship with insurance.

4.3. The Role of Education and Media

There exists an interplay between education, media, and public perception. Formal education and media alike play pivotal roles in shaping attitudes, dispelling myths, and helping informed decision making.

Thankfully, in the landscape of formal education, financial courses are integrated into some school's curricula. In these schools, students learn about finances, and more often than not, this includes learning about the domain of insurance as well. However, it is sad that finance courses cannot be found in every school's curricula, and this should be something that is more readily available in Hungary.

The media has become a crucial factor in a company's success, as the image of reality created by the media influences all stakeholders, including customers, suppliers, employees, politicians, regulators, and the general public. Insurance companies now face a special risk: reputational risk, which has been felt through litigation and investigations such as those by Spitzer into long-accepted business models regarding relationships between insurance companies and their brokers. This has led to a need for companies to take a proactive stance on corporate communications. (Robert G Eccles, 2006)

The fundamental change in media reporting regarding insurers took place in the German market between 1996 and 2006. The extent to which information being supplied by insurance companies is sufficient to maintain a balanced media reputation incorporating the concept of Value Reporting to build and maintain public trust. (Robert G Eccles, 2006)

The media rating of the insurance industry is critical to its viability, as it is all about trust. Negative ratings created a public trust crisis for some companies, such as Mannheimer and Gerling, which collapsed due to pressure on their traditional structure. Although the industry has largely recovered from its financial losses, the media rating of the industry has not, leaving it vulnerable to reputational risk. This highlights the importance of strategic communication management in the insurance industry to maintain public trust and avoid potential legal issues. (Robert G Eccles, 2006)

The German insurance industry has been largely kept out of the media for most of its history, with business results and products being the primary sources of critical media reporting.

However, the crisis at Mannheimer and Gerling and declining equity capital and financial reserves have brought the question of effective industry regulation onto the media's agenda. The newly created Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) has taken a more aggressive approach in addressing industry issues, gaining 185 mentions in 2003. The core reputation risks in Germany include the loss of financial reserves by declining results or even losses and depreciation of assets, especially stockholdings in other companies. Since 2004, the rebound of the stock market and restructuring programs have shifted media awareness to other fields of risk, especially products, management, and litigation/scandals. The share of negative reporting linked to image and scandals has skyrocketed to 17% in 2004 and 26% in 2005. Balancing shareholders' and other stakeholders' interests is crucial in the insurance industry. The dominant media frame can make a relevant difference to whether the authorities approve a merger/takeover or not. (Robert G Eccles, 2006)

The importance of media reality has been recognized by political institutions and regulators, who have become sophisticated in making media strategy a basic part of their overall political, rule-making, and enforcement activities. The socio-political environment also includes other stakeholders like NGOs, which have gained significant influence in recent years. In Germany, Attac's visibility in opinion-leading German dailies was two-thirds that of the NGO icon Greenpeace. A company's access to resources, including shareholders/owners, clients, and employees, is the primary value driver of long-term performance. However, the media picture of clients and employees is alarming, with client relations and personnel portrayed in a largely negative way, as are products and services. The failure of companies to adapt proactive communication strategies, which focus on the key determinants of long-term performance, is as much a factor as any inherent media bias. The long-term analysis of the insurance industry's media reputation in Germany has described three different phases in recent years: (1) a low-key, positive media environment in the 1990s; (2) reputation crises in 2001-2003 due to depletion of capital and a lack of proactive communication; and (3) the period of stabilization since 2004 with insurers garnering increasingly positive reporting on business results and stock prices but facing new challenges from reports about litigation and a lack of customer and employee focus. (Robert G Eccles, 2006)

Banks have a basic visibility in the media, with research on stocks, sectors, and markets, as well as comments on individual companies. The media frequently reports on the results, products, and strategy of banks due to their central role in capital markets. Neutral or positive reporting on the expertise of banks has helped outweigh many negative stories linked to litigation and scandals in recent years. However, the insurance industry has long been reluctant to use these assets for boosting its daily media coverage and creating brand awareness and some protection against negative news. The U.K. press, already critical of the industry, became even more so after picking up on the Spitzer allegations. Media coverage of the insurance industry in Italy was shaped largely by the takeover battle for BNL, with Unipol insurance making up one-third of all reports on the insurance industry in 2005. The Austrian press painted the most favorable picture of the insurance industry, despite flood-related claims. Addressing the right issues is as important as the tone of coverage for communication risk management and reputation monitoring. (Robert G Eccles, 2006)

In order to manage a company's reputation, it is essential to closely monitor the media agenda and provide journalists with additional information on relevant subjects. Companies should be aware of changing media agendas and provide stories addressing relevant issues from their point of view. Companies can influence the media agenda by adding topics to it rather than taking them off. Personalization of news coverage is a significant trend in Western publications,

with the share of reports focusing predominantly on management being highest in the U.K. and U.S., and low in South Africa and Italy.

Successful communication of products and business models is crucial for reputation building. Consistent product communication is a clear indicator for midterm stock performance, and neutral or favorable product coverage has higher credibility compared to advertising. Successful pitching of innovative insurance products to opinion-leading media outlets can attract other media. Actively communicating about products has a positive effect on journalists reporting more often about products and services in a positive way. However, a major weakness in all markets is the lack of positive examples of customer focus.

Media coverage of the insurance industry is crucial for rebuilding public trust with shareholders, clients, employees, and the broader public. However, the media often overlooks key value drivers, such as human resources, management, and client relations. Surveys among business journalists in Germany and Switzerland reveal that insurance and banking are high on the list due to the demographic challenges of an ageing workforce. Journalists also want to focus more intensively on human resources, management, and client relations, while cutting back on earnings figures or balance sheets.

The media's focus on dramatic topics like mergers and acquisitions and negative stories is a common reason for non-reporting. Additionally, there is a lack of sufficient information offered by corporations on relevant value drivers, such as the loss ratio, which is about the past and can change over time. For life and health insurance, it could be more meaningful to focus on the client recommendation ratio, client retention ratio, or client "share-of-wallet" ratio.

A survey by PricewaterhouseCoopers found that companies are not adequately reporting on value drivers that shareholders and other stakeholders consider important in building the value of an insurance company. The survey found that all three groups - company executives, investors, and analysts - regarded a broad range of financial and non-financial measures as important for creating shareholder value. Over 90% of company executives regarded the measures in Table 1 as particularly important. Investors and analysts had similar views, although there were also some differences, such as company executives regarding employee satisfaction as more important than financial performance measures. Analysts and investors did not believe they were getting sufficient information from companies on a number of value drivers they regarded as important, resulting in significant "information gaps." The most important information gaps were in the areas of customers (e.g., customer retention and customer penetration) and employees (e.g., quality of management). Company executives give several reasons for not providing information on key value drivers, such as providing information to competitors that will hurt the company's ability to create value for its shareholders. A more legitimate reason for not providing information is due to "quality gaps" in the company's information systems.

The PwC survey of the insurance industry revealed that only 35% of company executives believed their shares were properly valued, with the rest believing they were undervalued. To ensure accurate stock prices, companies should provide more information on key value drivers, particularly non-financial ones concerning customers and employees. This will contribute to more accurate stock prices and a stronger underlying performance. Companies can also influence the media's understanding of the insurance industry, improving its reputation and perception. This will help the industry recover from negative media coverage and future events. Furthermore, providing more information to shareholders and the media will encourage

insurance companies to manage their value drivers, leading to more positive media coverage and a stronger industry reputation. (Robert G Eccles, 2006)

5. Perceptions of Insurance as a Financial Product

5.1. Trust in Insurance Companies

When we talk about the perception of insurance, one of the most critical component of this is the trust people place in insurance companies. This trust intertwines with socio-economic, cultural, and even psychological factors.(Courbage, 2020)

Trust is a psychological construct, and it plays a pivotal role in our everyday lives. We need to trust others in order to build relationships, and to function properly as a society. Trust is also extremely important in shaping consumer behaviors and attitudes towards insurance companies. This trust stems from the perception of certain qualities of these companies, including reliability, how ethically they conduct their business, and how transparent they are.(Courbage, 2020)

If we take a look at the socio-economic influence on trust, we find that in the Hungarian population, we can generally say that individuals with high income view insurance entities as more trustworthy, perceiving them as sort of protectors of their accumulated wealth. They feel like they need to rely on giant financial entities in order to keep their wealth safe, and insurance companies are a good match for this institutions. In contrast, lower-income individuals usually have skepticism, questioning whether or not they can afford the premiums, and thus the benefits of insurance. The fact that they feel like it is a financial burden they take upon themselves affects the trust they can place in these companies.

5.2. Perception of Insurance Premiums

One of the most important aspects in a negotiation of insurance is the premium the client has to pay. As evidenced by the survey, most people who live in rural areas, or different regions than Budapest, tend to be in the lower-income bracket of the population. This is made even more prominent when we consider that Hungary has very low average income in rural areas, when compared to some of the other European countries. As a result, when asked about the premiums and how they would rate them, most people found it to be in the middle, not too burdening, but definitely a cost that they need to calculate into their everyday life. More people found the premiums to be expensive than they found it to be cheap. However, we need to make a few observations at this point. While asking about insurance premiums, it is important to make distinctions between life insurance, and other types of insurance. This is because, while health insurance isn't the most popular product to be owned by the population, it is the most expensive one.

For example, home insurance premium is calculated by checking the area of the property, what material is it made from, in which part of the country is it located in. Then the clients may choose to increase the offered value on the property for which it is insured, increasing the premium as well. Clients may also choose to include insurance in some extra cases, such as valuables, arts, machinery or other goods. But with life insurance, this isn't so simple

The first step that the client needs to take is choosing what kind of life insurance do they want. Do they want some of their money to be returned at the end of the term? Should the term be

whole-life? Do they want only to insure themselves in case of passing away, or do they also want to include sickness, medical emergencies, accidents, loss of workplace, etc.?

As one can tell, the premium of life insurance should normally be based around the lifestyle of each individual, and their actual financial needs. Higher-income individuals may choose a life insurance that is combined with investment, called unit-linked insurance, where most of the premium they pay goes into a fund where they may earn profits. Lower-income individuals may choose a product that only covers accidents, as this is the cheapest option of any company's palette. As such, these individuals perceive the premiums differently. One side of the populace sees it as part of their investment, and because they assign a future financial goal to it, they are willing to expend more now. The other side sees this as a financial burden, with no immediate gain by purchasing this product. They, in most cases for many years, do not receive anything in return for their money, and if they decide that they wish to terminate the contract, without any negative events happening in their lives, they lose a significant amount of money. This has been the case in thousands of people's lives, and it is one of the reasons insurance companies have a negative reputation. It also destroys one's trust, as they have made a negative financial decision, one that they lost money on. They then perceive the money that they paid to have been a greater slice of their monthly income than it actually was, further increasing their anger, thinking about how much more wealth they could have now, if they didn't spend it on insurance.

Not all unit-linked insurance is a guarantee that the client will be satisfied, however. Although this type of insurance is usually more available to those who have a higher income, the term still poses a danger. These products are long term, meaning that the shortest available term is usually ten years, but the recommended terms are almost always starting at fifteen years.

When evaluating the premiums clients need to pay, they take a look at the term. They may be able to calculate an amount that they would be willing to spend, but when they receive the information that this would have to be paid for a minimum of ten years, with the option that it could be increasing every year in order to count in inflation, the premium is perceived to be larger than it is. Suddenly, clients feel like they could be willing to part with the amount for two or three years, but not for ten. This is, once again, a question of socio-economic status, as well as educational differences. Those who have lower incomes tend to only think about the next few months in advance, and they cannot, in good faith, plan ahead financially for decades. Those who do not have to worry about their basic needs being met from month to month can spend more time planning ahead for their future, to make it financially more lucrative and stable.

Therefore, it is extremely important for insurance companies to realize that their client's socio-economic status not only pre-determines the products they choose, but it also determines for how long are they willing to pay without receiving something in return. Although this seems to be clear, most insurance companies offer the same constructions to all their clients. However, lower-income individuals need to have access to more immediate financial rewards, lower premiums, and some sort of psychological confirmation that their choice to spend a part of their little income on financial security is actually a good and clever thing to do.

5.3. Attitudes Towards Different Types of Insurance (Life, Health, Property, etc.)

Delving into the complex world of life insurance reveals a plethora of factors that people evaluate when purchasing this critical financial product. Life insurance, because of its multidimensional character, is a cornerstone in many people's long-term financial planning. The

decision-making process for life insurance includes a sophisticated interaction of personal objectives, financial goals, and risk-mitigation measures.

The natural demand for financial stability is a key factor affecting views toward life insurance. Individuals often see life insurance as a way to protect those they love in the event of an unforeseen disaster. The possibility of providing a financial safety net for dependents, assuring their well-being and future stability, becomes a strong reason to embrace life insurance coverage.

Another factor influencing views of life insurance is the opportunity for investment gains. Certain products, such as unit-linked insurance, combine insurance coverage with investment possibilities. These products may be appealing to higher-income people looking to optimize their financial holdings. The attraction is in the potential of not only insuring their family's future but also earning returns on their premium payments via investing possibilities.

When examining the extent of coverage, the complexities of life insurance get much more complicated. Individuals must decide whether to get a whole-life insurance, in which a part of the money is repaid at the end of the term, or a more specialized policy that covers certain situations such as illness, accidents, or loss of employment. The range of life insurance plans emphasizes the significance of matching coverage to individual lifestyles and financial circumstances.

Continuing, the premium linked with life insurance appears as a major element affecting attitudes. Higher-income people may perceive the premium as an investment plan rather than a cost. Unit-linked insurance, in particular, accords with this thinking, since premiums contribute to a fund with the potential for profit. Lower-income persons, on the other hand, may see life insurance payments as a financial burden, particularly if immediate advantages are not obvious.

Understanding these diverse perspectives regarding life insurance is critical for insurance companies. It is critical to tailor products to various economic categories and lifestyles. Recognizing that life insurance is not a one-size-fits-all solution allows for a more individualized approach, increasing overall customer satisfaction and developing a good impression of life insurance as a beneficial financial instrument.

Turning the focus to property insurance reveals a unique environment in which people handle concerns about protecting their homes and valuables. Property insurance, an important component of risk management, is a complex decision-making process impacted by variables ranging from geographical location to the unique attributes of the covered property.

Property insurance's perceived requirement and value are strongly anchored in the particular concerns of homeowners and asset owners. The building type, size, and location of a house all play important roles in molding homeowners' opinions regarding property insurance. Individuals who live in disaster-prone locations may see property insurance as an essential safeguard against possible financial losses caused by unanticipated calamities.

Property insurance, on the other hand, is valued by asset owners in terms of safeguarding their precious belongings. Included coverage for objects like as art, equipment, or other valuables becomes a crucial factor in their decision-making process. This customized approach guarantees that property insurance meets the unique requirements and goals of those looking for comprehensive coverage.

Geographic differences highlight the inequalities in views toward property insurance. People who live in cities, where property prices may be greater, may see property insurance as a necessary precaution against unexpected financial disasters. Those in rural regions, on the other hand, may regard property insurance as a more balanced financial factor, balancing protection with economic limits.

Property insurance dynamics go beyond simple protection to include the complicated dance of coverage, pricing, and regional factors. Property insurance companies must be sensitive to these subtleties, providing personalized solutions that address their clients' different demands and situations. Recognizing the complexities of property insurance attitudes allows providers to improve their offers and communication techniques, creating a favorable impression of property insurance as a personalized and necessary financial safety.

Moving forward, the premium for property insurance appears as a critical component affecting views and choices. Homeowners and asset owners equally weigh premium costs against the perceived benefit of coverage. The cost of premiums becomes a major factor for people living in rural regions with lower average salaries. As property insurance transitions from a financial requirement to a strategic investment in peace of mind, striking a balance between comprehensive coverage and budgetary limits is critical.

Property insurance customization possibilities add to the complex sentiments about this kind of coverage. For example, home insurance rates are complexly calculated depending on characteristics such as property size, building materials, and location. Clients may supplement coverage by raising the insured value of the property, which affects the premium price. This adaptability enables property owners to adjust their insurance to exactly match their perceived risk level and desired financial protection.

In order to develop a good impression, it is necessary to articulate the precise intricacies of property insurance products. Not only should communication methods stress the protective features, but also the strength that comes with having control over one's coverage. Offering educational tools to assist people comprehend the complexities of property insurance helps that customers make educated choices, increasing their trust in the value and relevance of this kind of financial protection.

Finally, insurance providers must use a thorough and tailored strategy in order to recognize the varied views regarding property insurance. Insurers can establish a positive and informed perception of property insurance as an indispensable component of holistic financial planning by acknowledging the unique considerations of homeowners and asset owners, addressing regional disparities, and emphasizing the customizable nature of coverage.

Navigating the health insurance environment reveals a complicated interplay of factors strongly connected with people' well-being and financial stability. Health insurance, a critical component of healthcare planning, requires a sophisticated decision-making process influenced by variables ranging from availability to excellent healthcare services to the perceived worth of coverage during unforeseen health emergencies.

When people consider the financial ramifications of medical bills, the fundamental worth of health insurance becomes clear. Health insurance acts as a safety net, providing a feeling of

security by reducing the financial strain associated with unexpected health crises. Thus, the view of health insurance is inextricably tied to its capacity to offer complete coverage, ensuring that consumers may get required medical treatment without considerable financial pressure.

Geographic and social considerations can have an impact on views about health insurance. Access to excellent healthcare services is critical, with metropolitan residents often having greater access to healthcare facilities. This may have an influence on how people in cities see the importance and need of health insurance, perceiving it as an essential component of their entire health and financial well-being.

The extent of coverage provided by health insurance plans complicates people's decision-making even more. Policies that cover a wide variety of medical situations, such as sickness, accidents, and preventative treatment, are often regarded positively. The capacity to tailor health insurance to individual health requirements and priorities increases its perceived value.

Moving forward, the cost of health insurance appears as a major element impacting views and actions. Individuals must balance the expense of premiums with the expected benefits, taking into account deductibles, copayments, and coverage restrictions. Health insurance premium affordability is particularly important for less wealthy citizens, who may see it as an attempt to strike a balance between obtaining health care and managing all of their monetary obligations.

Recognizing the changing nature of health insurance enriches the ongoing discussion. Individuals' expectations and attitudes regarding health insurance change as healthcare settings change. Providers must adapt to these developments by providing flexible and customizable solutions that satisfy their clients' different requirements and expectations. Insurers may develop a good image of this critical component of comprehensive financial planning by stressing the inherent benefit of health insurance in supporting both health and financial stability.

Furthermore, the function of preventative treatment and wellness initiatives inside health insurance impacts people's opinions regarding this kind of coverage. Comprehensive preventative services provided by health insurance providers, such as vaccines, regular check-ups, and wellness activities, add to the impression of health insurance as a proactive investment in long-term well-being. This focus on prevention not only corresponds with the rising trend of health-conscious living, but it also positions health insurance as a partner in supporting a holistic approach to healthcare.

When evaluating the many demographic categories served by health insurance, the dynamic character of the industry is highlighted. When it comes to health insurance, different age groups, from young people to elderly, may have different objectives and expectations. Younger people may highlight the need of coverage for unforeseen accidents, while seniors may emphasize the importance of complete healthcare coverage that tackles age-related medical issues.

Recognizing the changing nature of health insurance enriches the ongoing discussion. Individuals' expectations and attitudes regarding health insurance change as healthcare settings change. Providers must adapt to these developments by providing flexible and customizable solutions that satisfy their clients' different requirements and expectations. Insurers may develop a good image of this critical component of comprehensive financial planning by

stressing the inherent benefit of health insurance in supporting both health and financial stability.

Finally, health insurance appears not just as a financial instrument, but also as a proactive investment in well-being, providing protection against the uncertainties of health-related expenditures. Understanding the nuanced considerations of individuals across various demographics allows health insurance providers to refine their offerings and communication strategies, ensuring that health insurance is perceived as a vital asset in the pursuit of holistic health and financial security rather than an obligation.

6. The Impact of Insurance Perception on Financial Behavior

6.1. Relationship Between Insurance Coverage and Financial Security

. The intricate relationship between insurance coverage and financial security forms a crucial nexus in understanding how individuals navigate their economic landscapes. A plethora of studies and empirical evidence underscore the pivotal role that adequate insurance coverage plays in fostering financial stability and resilience. (Chhabra, 2020)

When observing the impact of insurance on Financial Behavior, there are a couple of factors that must be measured. Firstly, according to various findings, those who have adequate insurance coverage recover more quickly from financial shocks, and therefore they feel more secure financially. This impacts how well they can mitigate risks, and therefore increases their financial stability. For some people, fear of the unknown also plays into how they behave financially. It might impact their choices on investments and spendings, because they are afraid that after they invest their money, an event that they were not prepared for might occur, crippling them financially. However, insurance might work as a safeguard against these uncertainties, and as such, it improves individuals long-term financial planning capabilities (Chhabra, 2020)

6.2. Behavioral Biases (Risk Aversion, Loss Aversion, etc.) in Insurance Decisions

According to findings by Amos Tversky and Daniel Kahneman, there exists a psychological phenomenon called loss aversion. This means that individuals have a tendency to prefer avoiding losses, instead of acquiring equivalent gains, or in other words, they experience the negative impact of losses more intensely than the positive impact of gains.(Schmidt, 2005)

In the specific cases of insurance, this plays a major role in decision making. For example, policy holders may be reluctant to downgrade their coverage, even if financially it might be the smart thing to do for them. The fear of potential future losses outweighs the rational assessment of costs, and so they end up paying a higher premium than they actually need. This same phenomenon might block people to explore alternative insurance products, as the fear of a suboptimal choice stops them from doing so. Even if there is a better option, some people may choose to stay at their familiar product, simply because of loss aversion. (Schmidt, 2005)

When an insurance claim is denied, then, individuals may experience a heightened sense of loss, as the emotional impact of the denial, coupled with the financial setback, will lead to increased dissatisfaction and a negative perception of the insurance provider. For these reasons, understanding loss aversion is critical for policymakers, and they should design their insurance

products, and their communication strategies in a way that takes into consideration loss aversion.

Another important psychological trait in financial behavior is risk aversion. Risk averse individuals are willing to sacrifice a portion of their wealth regularly, in order to avoid having to pay a significant amount all at once. Finding risk-averse people could be a lucrative business gaining method for agents, as they are more psychologically tuned to the concept of insurance. These people often engage in a conscious decision to trade-off the cost of insurance premiums and the financial risks they might be exposed to. They wish to give away and transfer this risk to the insurance company, even if it means paying a premium for this transfer. When going through my own stock of clients, I found that those who have a complete coverage, instead of the minimal coverage they can gain a policy, are almost always risk-averse individuals. However, they are also less willing to opt for unit-linked insurance products, as they are more willing to minimize losses, rather than maximize potential gains. In this sense, those who are risk-averse are more likely to purchase insurance products that have a complete coverage for uncertain events, but they are less likely to purchase products where a part of the premium goes into some sort of savings account, as their money there is at risk.(Moss, 2004)

The study of risk aversion dates back centuries. One of the important steps towards recognizing this phenomenon was the introduction of expected value. This was first published by a Dutch doctor, Christian Huygens, who in 1657 proposed, that the value of a game where one can win 100\$ with 1% probability, and 0\$ with a 99% probability should be 1\$. In insurance terms, this would mean that if someone wanted to insure themselves for 100\$ worth of damages that has a 1% chance of occurring, they should pay a 1\$ premium for that. So why are people willing to pay more than their expected damages should cost? This was solved by Daniel Bernoulli in 1738(Moss 2004). There was a question that needed answering, which sounded like this: How much would you be willing to pay to play a game that has the following rules: You flip a coin, and if it is heads, you win 1\$. If it is heads only on the second try, you win 2\$. If it is only heads on the third try, you win 4\$, and if it only lands on heads on the n-th try, you win 2^{n-1} \$. (Bernoulli, 1738) The problem was that most people would only pay a couple of dollars for this, even though the expected value was infinity, as shown by Dr. Banyár in the following formula:

$$1/2 \cdot 1 + 1/4 \cdot 2 + \dots + 1/2^n \cdot 2^{n-1} + \dots = 1/2 + 1/2 + \dots + 1/2 + \dots = \infty$$

Bernoulli finally realized the concept of diminishing value, where the same amount of increase in wealth causes less and less utility the bigger of an existing wealth it gets added into. In the language of insurance, this means that people prefer the certain wealth instead of an uncertain one. Otherwise, it means a risk-averse behavior. However, 250 years later Daniel Kahneman and Amos Tversky introduced reference points into this theory, basically saying that we hate losing more than we love winning. In Kahneman's example, the following two questions were posed:

What would you choose: Certainly gain 900 dollars, or have a 90% chance of gaining 1000 dollars? (Banyár, 2016)

What would you choose: Certainly lose 900 dollars, or have a 90% chance of losing a 1000 dollars?

According to him, the first question would likely be answered in a manner of risk aversion. The second, however, would instead show risk taking, because then individuals would have a chance

of not losing anything. This means that losing 900 dollars has a more prominent negative value, than having a 90% chance of losing a 1000 dollars. Losing for certain ignites powerful emotions, causing us to take a riskier approach. (Banyár, 2016)

6.3. Case Studies of Financial Security and Insurance

Case study analysis gives essential insights into the real-world consequences of insurance perception on financial behavior. We obtain a deep knowledge of how people's insurance selections connect with their wider financial security aspirations via in-depth assessments of particular situations.

Case Study 1: Recovering from a Medical Crisis

Consider the situation of a person who is experiencing a serious health crisis. The existence of comprehensive health insurance not only allows access to vital medical treatments, but also lessens the financial stress associated with large medical bills. Without comprehensive health insurance, individuals may be forced to delay or forgo necessary medical care due to the high costs involved. This can have detrimental effects on their health and overall well-being. Additionally, the financial burden of medical bills can lead to long-term debt and financial instability, further exacerbating the already challenging situation.

Case Study No. 2: Property Insurance and Natural Disasters

Examining a scenario combining property insurance and natural catastrophes reveals insurance's critical role in lowering financial risks. Individuals with comprehensive property insurance are better positioned to deal with the aftermath of natural disasters such as hurricanes, earthquakes, and floods in high-risk areas. Property insurance provides critical financial protection, allowing for quick recovery and restoration. Without property insurance, individuals may face significant financial burdens in repairing or rebuilding their damaged properties. Additionally, property insurance often covers additional expenses such as temporary housing and living costs during the recovery period, further easing the financial strain on policyholders.

Case Study 3: Long-Term Financial Planning and Life Insurance

Exploring a life insurance case study has significant implications for long-term financial planning. A person who carefully incorporates life insurance into their financial portfolio not only secures the financial stability of their dependents in the event of an early death, but also investigates the possibility for investment returns via plans such as unit-linked insurance. This dual-purpose method demonstrates the adaptability of life insurance in achieving both immediate and long-term financial goals.

Case Study 4: Behavioral Biases and Insurance Decisions

A case study may provide an in-depth examination of behavioral biases in insurance choices. For example, a person's unwillingness to lower their insurance coverage due to loss aversion may result in greater premiums paid over time. Understanding the psychological basis of such choices might help insurers and legislators devise interventions that encourage rational decision-making and are aligned with customers' long-term financial interests.

Case Study 5: Risk Aversion and Investment Decisions

A case study of risk-averse people gives insight on their specific preferences in the insurance market. Individuals who are risk averse may choose extensive insurance coverage to limit financial losses. This risk aversion, however, may translate into a reluctance to investigate insurance products with investment components, emphasizing the delicate balance between risk avoidance and financial development in insurance decision-making.

7. Overview of Data Collected

7.1. Findings from Surveys

During data analysis, the following answers were found.

About 50% of the respondents were between 18-24 years old. Although this was the case in this survey, most of the policy holders tend to be older, as they, in general, are more experienced, and can more clearly see the benefits of an insurance product.

The respondents were highly educated, as 33% of them already had a degree, and another 33% had finished graduation. This meant that they would have already learned about finances and financial products, including different types of insurances.

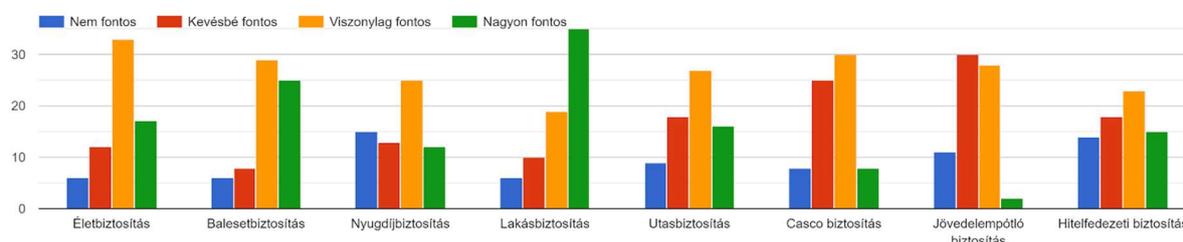
72,4% of the respondents were employed, while 20,7% of them were still students. 34,5% of the respondents had a higher monthly income than 400.000 Huf, with more than half of the respondents making more than 300.000 Huf.

Respondents could value the importance of different insurance products with four possible answers, ranging from “not important” to “very important”. When asked about life insurance, the overwhelming majority of the respondents answered with “Important”. The second most popular answer was “somewhat important”, then “very important”, and only a very small percentage said “not important”. In the case of accident insurance, the responses were mostly similar, with the only difference being that “very important” took second place from “somewhat important”.

Pension insurance was the most balanced response type. In the sample, just as many people thought it was “not important” as there were people saying “very important”. The most popular choice here was also “important”.

Figure 1: How important do you consider the following products?

How important do you consider the following products?



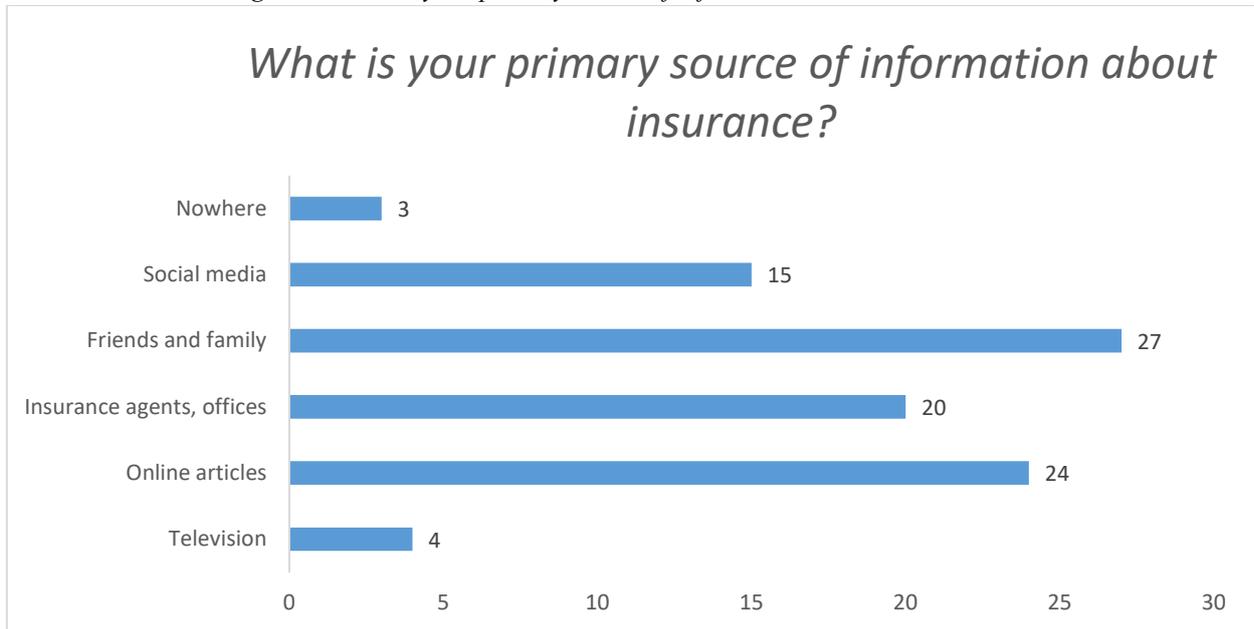
Source: Own figure, Based on answers on Google Forms (2023)

Property insurance seemed to be the most well-known and well-liked insurance product, with almost half of the sample answering “very important”, and almost as much answering “important”.

The most “less important” answers were from Casco insurance, while “not important” was answered mostly with income protection and credit insurance. This is most likely the case because these two types of insurance products are hardly known. Credit insurance is required in almost every bank in Hungary, and they seldom give credit without a proof of life insurance, where the beneficiary is the bank itself. Income Protection is a relatively new domain of insurance in Hungary, and it is most often coupled with life insurance products, although the low popularity of this one might stem from cultural reasons, as I will discuss later.

The overwhelming source of information in Hungary about insurance is still through friends and family, as shown by the graph below. This proves that if an older generation had bad experiences with some sort of insurance, this negative perception will most likely be found in the newer generation as well, as they are the main source of information. The second highest source of information was Online articles. The problem with online articles is that in order to make the most amount of people click and read the article, it needs to be something dramatic, sensational, and more often than not, something argumentative. This leaves people with the educational articles, which can be found quite easily, if they want to gain information about insurance, but it is almost impossible to avoid negative, drama-filled articles.

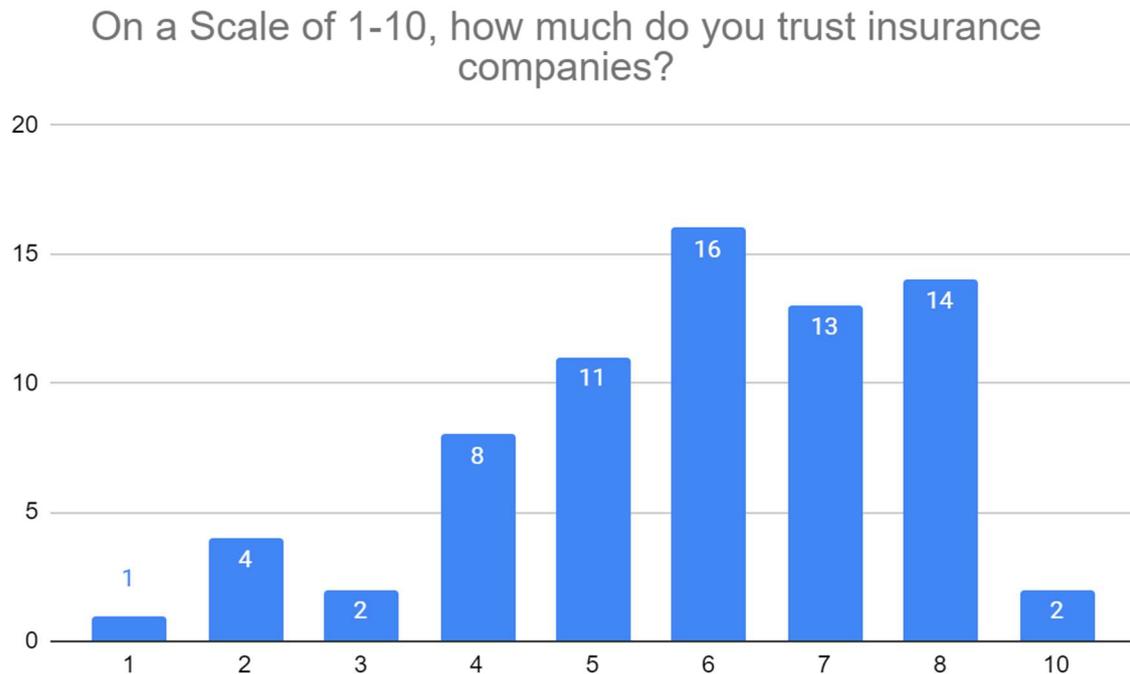
Figure 2: What is your primary source of information about insurance?



Source: Own figure, Based on answers on Google Forms (2023)

The questionnaire provided answers about the levels of trust people have towards insurance companies. In general, people are quite neutral, with more of them being trustful than not. However, it is definitely an interesting data to observe, and should be something that companies should improve on, if they wish to increase their popularity.

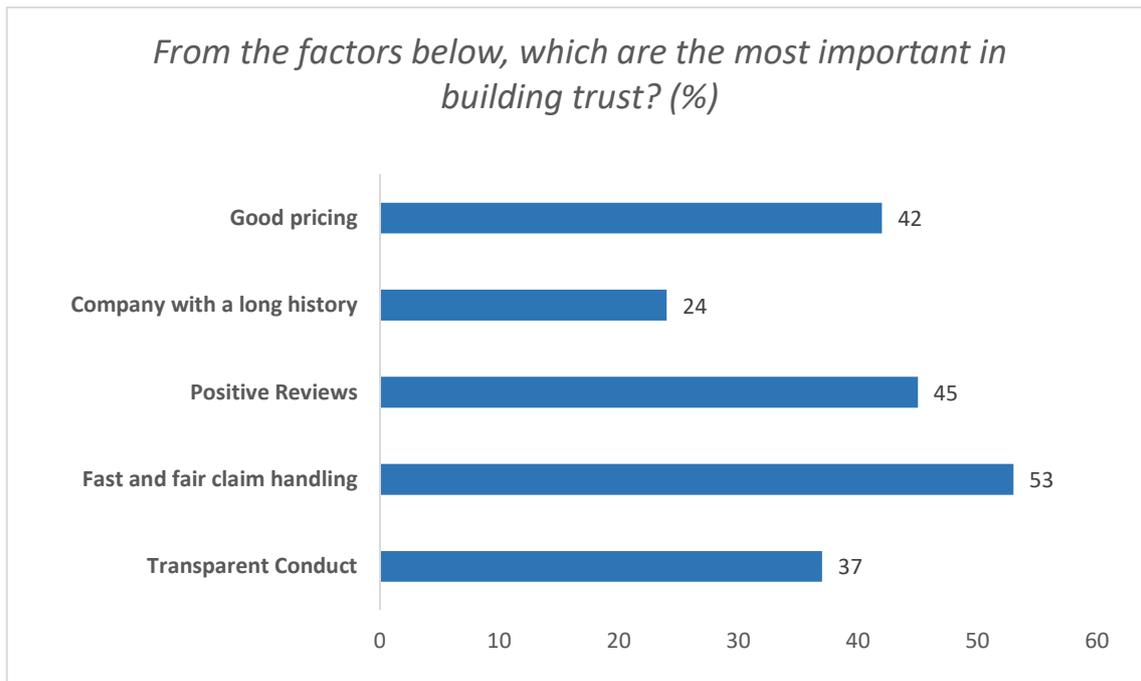
Figure 3: On a Scale of 1-10, how much do you trust insurance companies?



Source: Own figure, Based on answers on Google Forms (2023)

During my research, I also sought to answer a very crucial question that came up many times. What are some of the most important attributes a company could have in order for it to build trust with its clientele? When asked, people answered the following: The best way to build trust is a fast and just claim handling process. This proved a hypothesis I had, which was that people perceive insurance companies as greedy, and they think that insurance companies do not like to pay out claims.

Figure 4: From the factors below, which are the most important in building trust?



Source: Own figure, Based on answers on Google Forms (2023)

For Hungarian people, positive reviews and transparency were also equally important in building trust. Surprisingly, a long history and past was the least popular option for trust building. During my time at NN Insurance, I have noticed that in negotiations, agents like to refer to their company as long-standing, historical companies, that have been in the lives of Hungarians for many years, but they do not mention their claim handling process, or provide statistics about it. This study proves that in order to improve relations between the clientele and the insurance companies, they need to communicate more clearly that as long as every term is met, claim pay-out will be fast and fair.

Some respondents already had experience with handing in claims. When asked to detail their experience, the following conclusions could be made. 75% of respondents had a positive experience, with claim handling being fair, precise, and swift. 25% were not satisfied with their insurer, believing them to be unfair. Most of these claims were in the cases of car insurance and property insurance, with no available data on life insurance specific claims.

8. Discussion

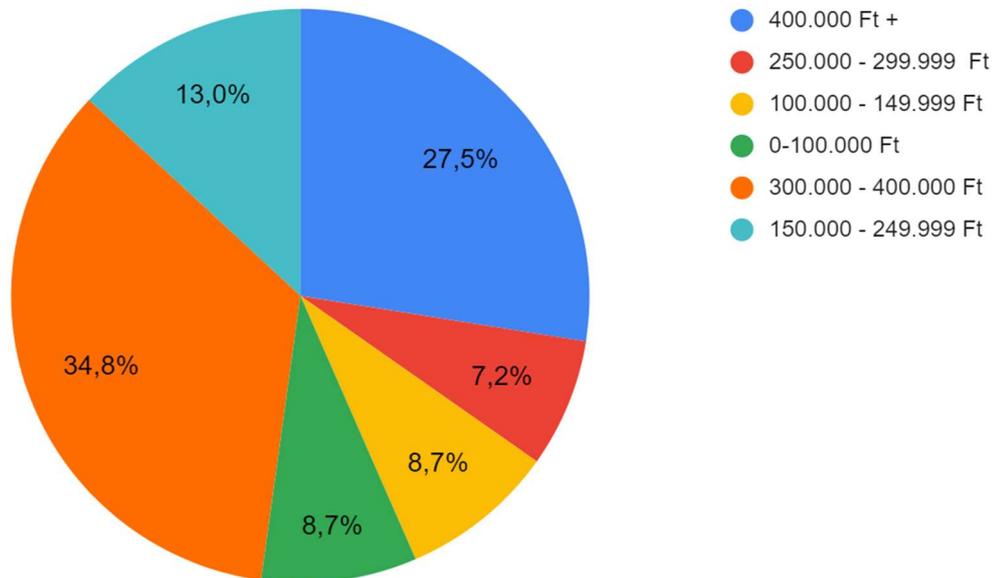
8.1. Interpretation of Findings

The survey used in this study provided valuable insights into the respondents, which allowed me to better understand the diverse perspectives shaping their perceptions of insurance. A significant portion of respondents fall within the 18-24 age group, suggesting a young, and possibly tech-savvy audience.

The questionnaire shed light on the distribution of income and employment status among respondents. The majority were employees, with a notable percentage earning more than 400.000 Huf monthly. Understanding this economic context is crucial in assessing the financial considerations they might take, and to better understand their attitudes towards insurance.

Figure 5: What is your current income?

What is your current income?



Source: Own figure, Based on answers on Google Forms (2023)

In the part of the questionnaire where I tried to find out their communication preferences, the following conclusions were made. Respondents overwhelmingly highlight the need for clearer communication, emphasizing the importance of speech which is not misleading. Some wished for more concise product descriptions, and the utilization of trustworthy agents, which could be summarized as a wish for more transparent conduct. In addition, the recognition of social media as opposed to more traditional forms of media shows the need to adapt to modern communication trends.

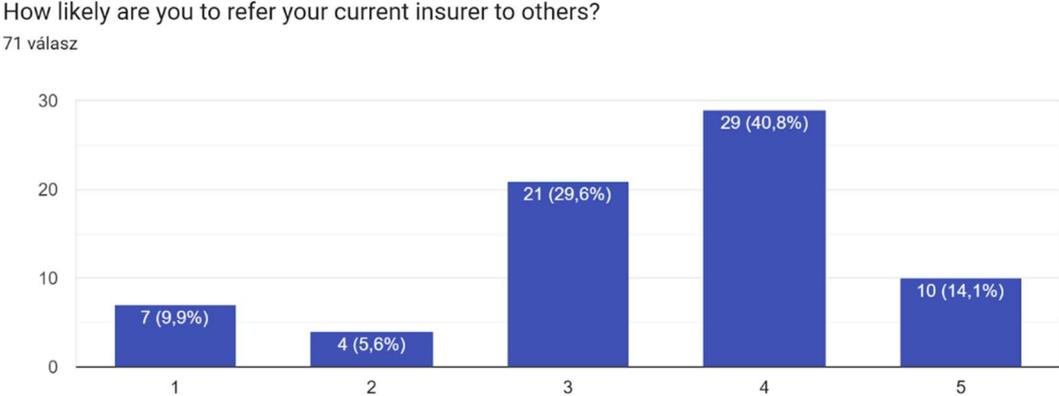
The lack of significant concerns or misconceptions was surprising, but it is all the less noteworthy. It indicates that the respondent base was generally well-educated and informed. However, there were a few concerns about claim handling, and also about the fact that some regions in Hungary have a low individual income, making it harder for insurance companies to be prevalent there. This proves some of the theory behind insurance perception discussed before, where lower income individuals perceive insurance products as another financial burden instead of a situationally useful product or investment.

The survey pointed out the absolutely crucial role of claim handling in shaping the perception of insurance companies. A substantial majority believes that better claim handling would significantly improve their view of insurers. This highlights the importance of efficiency, fairness, and transparency in the claims process.

During my time as an insurance broker, I learned that the absolute best way to conjure new business is the use of referrals. In fact, it may be the only method where lead procurement is sustainable for years. It is also the most difficult thing to get in Hungary's insurance market. In the questionnaire, about half of the respondents said they would refer their insurers, while the other half remained neutral, or was against the idea. Exploring why this is the case, and also

how we can make sure that the half willing to refer actually does so could provide extremely valuable information for all interested in gaining new clients and generating leads. This could be a potential new avenue in continuing this study, and it may be a significant help in pushing the insurance market.

Figure 6: How likely are you to refer your current insurer to others?

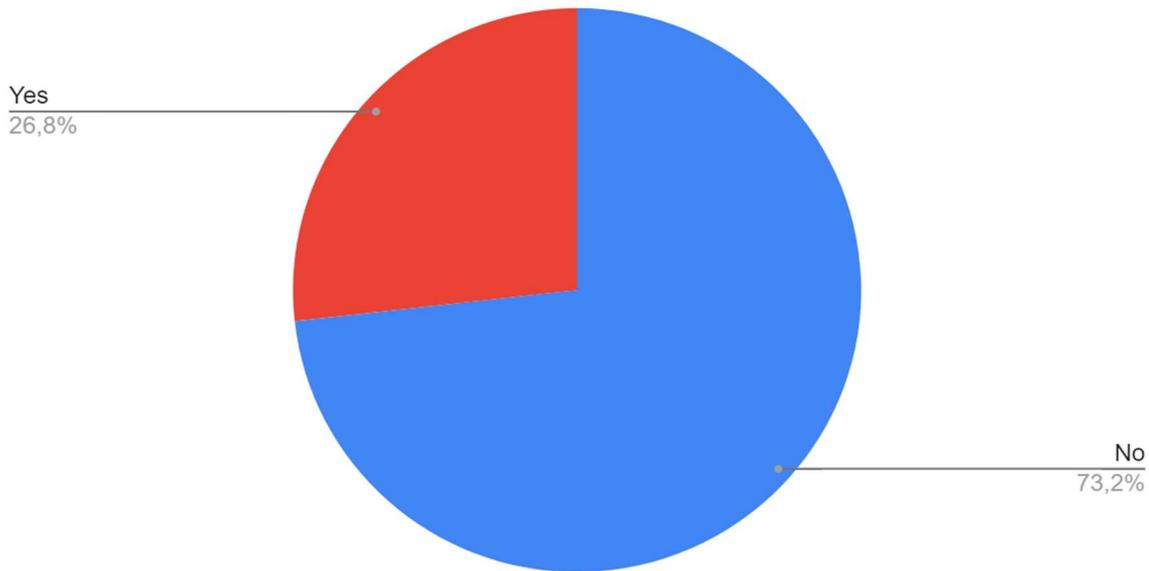


Source: Own figure, Based on answers on Google Forms (2023)

When asked about online engagements, most respondents showed a lack of interest in online workshops or contents about insurance. This challenges the assumption about a tech-savvy audience made from the age groups. Insurers should consider providing alternative, more traditional communicational methods to engage this demographic, as opposed to modern methods, such as social media.

Figure 7: Would you be interested in educational workshops, online contents about insurance?

Would you be interested in educational workshops, online contents about insurance?



Source: Own figure, Based on answers on Google Forms (2023)

Among the respondents, the top spot of insurance types, based on the prioritization of them, was taken by property insurance. This insight suggests a strong emphasis on protecting assets that are tangible, which aligns with the economic considerations identified earlier. Life insurance followed closely to property insurance, which shows an interesting hierarchy in respondent's perceived insurance needs. They believe that protecting their material values is more important than their own health, or to provide a financial net for their loved ones in case of death.

Further insight into the financial behavior of Hungarian people was offered by analyzing their answers to premium perceptions and claim submissions. The vast majority accepted the premiums offered by insurers, indicating that the value in the protection offered was in line with the fees charged. Low claim submission rates, however, raises questions about whether or not respondents engage with their insurers, and whether or not they know if certain events are eligible for a claim. This could be a potential area where claim education could be improved.

Providing multiple ways for customers to interact with insurance providers is crucial, as indicated by the importance of in person interactions, but also the popularity of internet based business engagements. The demand for face-to-face interactions should be in balance with digital convenience, in order to acknowledge the diverse preferences of the customer base.

In building trust with insurance companies, respondents said that the most critical factor is a fast and fair claim handling process. Transparent conduct, as well as positive reviews follow closely, indicating that the perceived reliability of an insurance company is multi faceted, including both the operational transparency and the positive customer experiences.

The most prevalent form of information sharing is still through friends and family. This is mostly credited to the strong family culture of Hungarian people. Often used forms for

information are online articles and agent interactions as well. Leveraging these channels strategically can provide insurers a way to influence the perceptions of individuals.

During data collection, it was revealed that over 60% of respondents did not have a life insurance product. This signals an opportunity for insurers to explore strategies that can help target this demographic. It is critical for product development as well as for marketing to understand the financial constraints and the perceptions of value certain groups have.

In summary, the survey revealed a significant presence of employed individuals within a young demographic, demonstrating a relatively high income level. They favor clear and transparent communication, often seeking direct interaction with agents over social media platforms. The primary concerns regarding insurance pertain to claim handling and the affordability of insurance products. While some individuals are open to recommending their insurers, this is largely dependent on prior positive experiences. Property insurance emerged as the preferred insurance type, followed closely by life insurance. Despite the acceptability of premium rates, the number of claims submitted remains relatively low. A fair and efficient claim handling process stands out as the crucial factor in establishing trust with an insurance company. Friends and family, online articles, and agent interactions serve as the primary sources of insurance information. Notably, over 60% of respondents do not currently own life insurance, yet they possess well-defined opinions on the matter.

8.2. Implications for Hungarian Financial Security

The survey findings bring significant implications for the economic landscape of Hungary, in particular about the financial security of individuals. The majority of respondents being in the 18-24 age group, coupled with a substantial income, highlight a segment of the demographic with a disposable income. This demographic could be a crucial market for insurance companies, if they are targeted appropriately.

A possible need for insurers to refine their communicative strategies have been identified. The respondents agreed that clearer communication, accurate product descriptions and trustworthy agents are all areas where insurers could improve. Perhaps by adopting a plainer language, investing more in agent training and leveraging social media could bridge the gap between customers and their understanding of the products and services.

Since the low interest in online workshops or content about insurance, insurance companies face a unique challenge and opportunity. Insurers might consider using alternative educational initiatives, that could incorporate interactive in-person sessions, live workshops, or partnerships with educational institutions.

According to the findings of the study, claim handling plays a central role in shaping perceptions. Insurance companies should prioritize the Improvement of this process making it more efficient, fair, and transparent. Improving the claim process serves as a significant driver for enhancing customer satisfaction and trust.

When asked about their referral behavior, over half of individuals were willing to refer their insurer to others. This would only happen, however, if they already had a positive experience

understanding the factors that influence who will refer and who wouldn't can inform insurance companies about the strategies needed to foster positive word-of-mouth marketing.

When asked to prioritize the different Insurance types respondents chose property insurance as the most important in their lives. This showed a heightened awareness of the need to protect tangible assets. This shows that insurance companies that also offer property insurance products have a better chance to get into the life of their customers thereby achieving possible cross-sale opportunities.

The study showed that insurance companies need to balance the approach of digital and in-person interactions. While investigating a user-friendly digital platform, they should also maintain a robust in-person service infrastructure. Providing various channels for engagement alliance with the diverse preferences revealed by the survey.

When examining what factors are the most crucial in building trust, the study showed that it was a fast and fair claim handling process. Additionally, transparent conduct and positive user reviews were also extremely important for respondents. This outlines some of the most important Avenues, where insurance companies should focus their resources to improve them.

Insurance companies should also realize that for Hungarian citizens the influence of friends and family is just as important, if not more influential than online articles and agents, in shaping their perceptions. By engaging in referral programs optimizing their online content and bringing forth more positive agent-to-client interactions insurance companies can improve their word-of-mouth reputation which will improve the Public's perception of them

The findings of the survey revealed that a significant portion of respondents lacked life insurance coverage. To address this, insurance companies should implement targeted marketing campaigns, be present in educational institutes, and come up with innovations aimed at catering to the unique needs and perceptions of this demographic. Additionally, insurers could explore a way to include people in their financial products from all economic segments, including those with lower incomes. New reforms should emphasize transparency, ensure fair treatment, and favor consumer protection. With low interest in online workshops, insurers can balance technological integration with accessibility and inclusivity for those who favor more traditional engagement methods. Collaborating with educational institutions would contribute to the enhancement of overall financial literacy, which would promote a better understanding of insurance products. Insurance companies could also address the issue of low individual income by engaging in community projects, offering affordable premiums, and educating people with financial advices. These survey results should be compared with global insurance trends, to allow policymakers to identify similarities and disparities, therefore aligning their local strategies with some of the best practices globally. It is crucial to continue monitoring customers, always adapting to the ever-changing needs of the public.

In summary, the implications for Hungarian financial security encompass economic considerations, communication strategies, educational initiatives, claims handling enhancement, referral dynamics, property insurance prioritization, digital and in-person engagement, trust-building strategies, leveraging information sources, addressing the life insurance gap, financial inclusion, regulatory considerations, technology integration, public awareness initiatives, social responsibility, comparative analysis with global trends, and

continuous monitoring and adaptation. Strategically addressing these implications positions insurers to contribute positively to the financial well-being of the Hungarian population.

8.3. Comparisons with Global Insurance Perception Trends

Analyzing worldwide trends in insurance communication finds numerous connections with Hungarian respondents' preferences. The desire for better communication, succinct product explanations, and trustworthy operators corresponds to a worldwide movement toward more transparent and customer-centric communication. Globally, insurers are realizing the significance of modifying communication tactics to meet changing customer expectations. (Antonella, 2018)

A worldwide progression in the integration of technology within the insurance business is shown by comparative analysis. While Hungarian respondents were less interested in online workshops, worldwide trends indicate that digital platforms are becoming more important for insurance-related interactions. Insurers in various areas are using AI, chatbots, and online portals to improve client experience and expedite procedures.

The focus in Hungary on regulatory issues is consistent with a larger worldwide trend toward regulatory changes in the insurance business. Consumer protection, openness, and fair treatment are top priorities for regulators globally. The goal is to strike a careful balance between ensuring regulatory compliance and encouraging innovation and competition in the insurance sector.

The discovered trust-building variables in Hungary, including swift and equitable claims processing, transparent behavior, and favorable ratings, are consistent with worldwide tendencies. Trust is still an important component of insurance relationships across the globe, and insurers are constantly seeking to strengthen client trust via greater operational transparency and efficient claims procedures. (Antonella, 2018)

Comparisons with worldwide patterns highlight the significance of taking cultural peculiarities into account in insurance assessments. While some preferences are shared, the importance of property insurance in Hungary may be due to cultural and economic reasons specific to the country. When adapting products and marketing strategies for varied markets, global insurers must identify and respond to such idiosyncrasies.

The recognition of social responsibility in Hungary reflects a rising worldwide trend in which insurers are actively participating in activities outside of their conventional scope. Community engagement, environmental sustainability, and financial literacy programs are all increasingly important components of insurers' corporate social responsibility plans across the globe.

The lesser interest in online workshops among Hungarian respondents raises concerns about the speed with which technology is being adopted. Globally, insurers encounter difficulties in combining technological integration with the interests of varied customer sectors. This emphasizes the need of offering adaptable solutions that appeal to varied levels of technical comfort. (Antonella, 2018)

A comparative study reveals the influence of globalization on insurance perception. While global trends have an impact on local markets, Hungary's particular economic, cultural, and

regulatory aspects produce different opinions. Global insurers must negotiate these variances to achieve successful localization of their strategy.

Globally, everyone recognizes the need of adapting to changing customer expectations. To meet the changing tastes and demands of today's customers, insurers throughout the globe are experiencing digital revolutions, refining communication strategies, and improving customer-centricity.

The use of data-driven insights is becoming a prevalent worldwide practice. Data analytics is used by insurers all around the world to acquire a better knowledge of customer habits, preferences, and market trends. This focus on data-driven decision-making is consistent with insurers' need to be nimble and responsive in an ever-changing global context.

A comparative study identifies potential for international cooperation in solving common concerns and utilizing best practices. Forums enabling insurers, regulators, and industry stakeholders to share ideas and strategies may help to enhance the global insurance sector as a whole. Knowledge-sharing on successful communication techniques, technical advances, and regulatory measures may be part of collaborative endeavors.

Investigating worldwide trends in insurance perception reveals insurtech's growth as a transformational force. Digital platforms, blockchain, and AI-driven solutions are transforming the insurance sector internationally. Insurers in Hungary may learn from successful insurtech deployments throughout the globe in order to improve operational efficiency, customer experience, and product offers.

The cultural subtleties discovered in Hungary's insurance sector highlight the significance of sophisticated marketing methods. Global insurers should use cross-cultural marketing strategies that recognize and respect local values, interests, and socioeconomic circumstances. Marketing efforts that are tailored to resonate with different cultural settings help to strengthen ties with local consumers.

While global insurers recognize the relevance of regulatory considerations in Hungary, they confront the problem of negotiating multiple regulatory regimes. International regulatory harmonization efforts may improve compliance procedures, ease cross-border operations, and create a more coherent global insurance system.

Global trends point to a transition in the insurance business toward customer-centric solutions. To meet changing client expectations, insurers throughout the globe are stressing customized experiences, quicker claims procedures, and novel product offers. Embracing customer-centricity corresponds with the ultimate objective of improving insurance's overall impression.

The recognition of social responsibility in Hungary is consistent with a worldwide trend toward more sustainable insurance operations. Environmental, social, and governance (ESG) factors are being integrated into the operations of insurers worldwide. Sustainable practices contribute to long-term resilience, a strong company image, and alignment with customers' changing values throughout the globe.

Global insurance trends are dynamic, need constant monitoring and adaptation. Global insurers must be alert to evolving trends, technology breakthroughs, and changes in customer behavior.

A proactive adaptation strategy guarantees that global plans remain nimble and responsive to the changing global insurance environment.

In conclusion, the comparison with worldwide insurance perception trends reveals common patterns, difficulties, and possibilities. These insights may be used by insurers in Hungary and throughout the world to fine-tune their strategy, embrace innovation, and promote a more positive and customer-centric insurance environment on a global scale.

9. Policy Recommendations

9.1. Enhancing Insurance Literacy Programs

In order for individuals to make informed and educated decisions regarding their financial security, it is critical that they have some level of insurance literacy. This paper aims to provide a couple of different approaches that may result in the enhancement of insurance literacy for the general population. These methods address diverse learning styles, demographic considerations, and the landscape of the ever-changing insurance products. The following segment outlines key strategies for augmenting insurance literacy initiatives.

One of the methods to better the insurance literacy of the public is to tailor educational resources to their target audience. This means that resources should be available in different formats, including written materials, interactive online content, video content, and workshops. This would mean that whatever the learning preference of someone is, they can find the required educational resource in that format. This ensures that the resources are accessible for a broader audience. One way to further the effectiveness of this method is to create surveys to find out what the preferred learning platform is for certain audiences. Then make sure that the target audience receives the educational content meant for them on their preferred platform. For example, content meant for children may be better accessible for them if it is in a video format or in an interactive online content, while more detailed educational writings meant for adults could be made available online in articles, as well as printed materials.

In today's world, even more conservative countries like Hungary are starting to develop multicultural and multilingual communities. As such, it would be advisable for insurance companies to create multilingual, and culturally relevant content. This would mean that information is not only accessible, but is also relevant to various communities. Culturally sensitive examples or case studies will enhance understanding and engagement, which brings forth a more inclusive learning environment [Prospera Tedam, 2012]

Establishing partnerships with educational institutions, such as schools, colleges, and community centers, is a strategic approach to embedding insurance literacy into formal education. Integrating insurance-related topics into curricula, conducting workshops, and providing educational materials to educators can empower students with foundational knowledge about insurance from an early age.

Incorporating digital platforms and gamification techniques adds an element of engagement to insurance literacy programs. Interactive apps, online quizzes, and simulated scenarios allow participants to apply theoretical knowledge in practical situations. Gamification not only enhances retention but also makes the learning experience enjoyable, encouraging sustained participation.

Conducting community workshops and seminars provides a platform for direct interaction and engagement. These events can cover a range of insurance topics, including policy types, claim procedures, and risk management. Industry experts and insurance professionals can serve as guest speakers, offering real-world insights and answering participants' questions, thereby enriching the learning experience.

Recognizing the evolving nature of the insurance industry, enhancing insurance literacy should be viewed as an ongoing process. Implementing continuous learning modules, webinars, and updates ensures that individuals stay informed about changes in policies, regulations, and emerging trends. Accessible online platforms can serve as repositories for updated materials and resources.

Integrating financial counseling services into insurance literacy programs provides personalized guidance to individuals. Trained counselors can help participants understand their unique insurance needs, assess coverage options, and navigate complex policy terms. This one-on-one interaction fosters a deeper understanding and encourages participants to make choices aligned with their financial goals.

Collaborating with insurance companies and industry associations is vital for staying abreast of industry developments and accessing valuable resources. Input from industry experts can contribute to the relevance and accuracy of educational materials. This collaboration can also facilitate internship programs or job-shadowing opportunities, providing participants with practical insights into the insurance sector.

Implementing robust metrics to measure the effectiveness of insurance literacy programs is essential. Regular assessments, surveys, and feedback mechanisms help gauge participants' comprehension levels, identify areas for improvement, and track the long-term impact of the programs on financial decision-making.

In summary, enhancing insurance literacy programs requires a multifaceted approach that considers diverse learning needs, cultural nuances, and the dynamic nature of the insurance industry. By adopting these strategies, programs can empower individuals to navigate the complexities of insurance with confidence and make well-informed decisions for their financial well-being.

9.2. Regulatory Reforms

Regulatory reforms play a pivotal role in shaping the insurance landscape, ensuring fair practices, protecting consumers, and fostering a stable and transparent industry. Detailed regulatory measures can contribute to the effectiveness and integrity of insurance markets. Here, I outline comprehensive strategies for regulatory reforms in the insurance sector:

Transparency Requirements: Implement regulations that mandate insurers to provide clear and transparent information about policy terms, coverage, exclusions, and premiums. This ensures that consumers have access to comprehensible details to make informed decisions.

Standardized Disclosures: Develop standardized disclosure formats that facilitate easy comparison of different insurance products. These formats should include key information such as coverage limits, deductibles, and policy exclusions, enabling consumers to evaluate options more effectively.

Fair Treatment Obligations: Introduce regulations that explicitly outline fair treatment obligations for insurers. This includes ensuring fair claims processing, equitable pricing practices, and non-discriminatory policies, creating a level playing field for consumers.

Digital Compliance Solutions: Encourage the development and adoption of RegTech solutions that streamline compliance processes for insurers. Automated systems can ensure adherence to regulatory requirements, reducing administrative burdens and minimizing the risk of non-compliance.

Data Security Standards: Establish stringent regulations regarding data protection and cybersecurity in the insurance sector. Insurers should implement robust data security measures to safeguard sensitive consumer information and maintain trust in the digital age.

Market Conduct Oversight: Strengthen regulatory oversight mechanisms to monitor and enforce ethical market conduct. Implement regular audits and assessments to ensure insurers adhere to fair business practices, preventing fraudulent activities and protecting consumer interests.

Whistleblower Protections: Institute regulations that protect whistleblowers within the insurance industry. Encouraging the reporting of unethical practices helps regulatory bodies identify and address misconduct promptly, fostering a culture of accountability.

Regulatory Sandboxes: Establish regulatory sandboxes to facilitate innovation in insurance product development. These controlled environments allow insurers to test new products and services, fostering creativity while maintaining consumer protection standards.

Flexible Product Approval Processes: Streamline and expedite the product approval process for insurers, particularly for innovations that benefit consumers. A more agile approval system encourages insurers to develop and introduce products that meet evolving consumer needs.

Risk-Based Capital Requirements: Implement risk-based capital requirements that align with the inherent risks of insurance products. This approach ensures that insurers maintain adequate capital reserves based on the level of risk exposure in their portfolios.

Stress Testing: Mandate regular stress testing for insurers to assess their financial resilience under adverse scenarios. This proactive measure helps identify vulnerabilities and ensures that insurers can withstand unexpected economic downturns or catastrophic events.

Inter-Agency Coordination: Promote collaboration and information-sharing among regulatory bodies, fostering a cohesive regulatory environment. Inter-agency coordination enhances the effectiveness of oversight and enforcement measures, reducing regulatory gaps.

International Regulatory Standards: Align regulatory frameworks with international standards to promote consistency and facilitate cross-border insurance activities. This ensures that global insurers operate within a coherent regulatory framework while facilitating market access.

Risk Pooling Mechanisms: Explore the feasibility of establishing risk-pooling mechanisms to enhance accessibility to insurance, especially for high-risk individuals or marginalized communities. These mechanisms can help distribute risks more equitably across the insurance market.

Affordability Subsidies: Consider regulatory measures that incentivize insurers to offer more affordable coverage options. Subsidies or tax incentives can encourage insurers to create products that cater to underserved or economically disadvantaged segments of the population.

Regulatory Impact Assessments: Conduct regular regulatory impact assessments to evaluate the effectiveness and unintended consequences of regulatory reforms. This ongoing evaluation ensures that regulations remain adaptive to the evolving dynamics of the insurance industry.

Consumer Feedback Mechanisms: Establish mechanisms for collecting and analyzing consumer feedback on insurance products and regulatory practices. Consumer insights can provide valuable inputs for refining regulations, addressing emerging challenges, and enhancing consumer protection.

In conclusion, comprehensive regulatory reforms in the insurance sector should encompass consumer protection measures, embrace technological advancements, foster ethical market conduct, encourage innovation, ensure financial stability, promote accessibility, and prioritize continuous evaluation. A robust regulatory framework strengthens the resilience of the insurance industry, instills consumer confidence, and contributes to the overall stability of financial markets.

9.3. Public Awareness Campaigns

Public awareness campaigns are critical to developing an educated and empowered customer base in the insurance industry. These campaigns attempt to educate the public on the necessity of insurance, their consumer rights, and fundamental features of the insurance sector. A comprehensive strategy to public awareness includes a variety of tactics and venues for communicating critical information. Here is a thorough approach for implementing effective public awareness campaigns:

9.3.1 Segmented Targeted Messaging Campaigns:

Messages may be tailored to certain demographic categories depending on age, economic level, and life stage. distinct periods of life have distinct insurance requirements, and personalized advertising assures relevance and resonance.

Recognize linguistic diversity and design advertising materials in several languages to reach a larger audience. Language-appropriate communication improves comprehension and inclusion.

9.3.2 Interactive Workshops on Educational Content:

Hold workshops in communities and educational institutions to give hands-on learning experiences. Understanding insurance terminology, selecting proper coverage, and navigating claims procedures are all topics covered.

Online Learning Platforms: Create user-friendly online platforms that offer interactive insurance literacy classes. Learning becomes more entertaining and accessible with gamified modules, quizzes, and video lessons.

9.3.3 Working with Influencers

Collaboration with social media influencers, celebrities, and industry experts to increase campaign reach. Personalized endorsements and testimonials may help the campaign message gain credibility.

Engage local community leaders and influencers who have a high level of trust in their areas. Their support may boost the campaign's credibility and acceptability.

9.3.4 Real-Life Scenarios Storytelling Approach:

Present real-life examples and situations to demonstrate the value of insurance. Narratives of people who have benefitted from insurance coverage provide a personal touch to the material and make it more approachable.

Examples of Case Studies: Create case studies that demonstrate how insurance played a critical part in minimizing financial burdens after unexpected circumstances. Highlight various circumstances, such as health issues, property destruction, and life events.

9.3.5 Use of Social Media Engagement Campaigns

Launch interactive social media campaigns to increase audience engagement. Insurance-related quizzes, polls, and challenges may increase engagement and information retention.

Infographics with pictures: Create visually beautiful infographics to help you understand complicated insurance ideas. Key messages become more viral when they are shared on social media sites.

9.3.6 Public Service Announcements

Use broadcast media such as television and radio to make public service messages. Short, powerful communications sent during peak hours may reach a large audience and leave a lasting impression.

Print Media: Use newspapers and magazines to provide useful articles and adverts. Collaborate with editorial teams to ensure that material is accurate and accessible.

9.3.7 Collaboration with Educational Institutions

Collaboration with educational institutions to incorporate insurance literacy into school curriculum. Students might benefit from educational modules that teach basic information.

Competitions for Students: Organize insurance-related contests or hackathons inside educational institutions to promote creative thinking and boost student awareness.

9.3.8 Government Approval

Official Endorsement: Seek official government endorsement and support. Trust in government-backed marketing often boosts credibility.

Rights of Policyholders: Educate the public about their policyholder rights. Communicate clearly the options for grievance redressal and the role of regulatory agencies in ensuring fair practices.

9.3.9 Mechanisms of Continuous Feedback

Surveys and Feedback: Surveys should be conducted on a regular basis to assess the success of awareness efforts. Gather participant input to improve future campaigns based on identified requirements.

Trend Adaptation: Keep up with social developments and adjust marketing strategy appropriately. Use new communication channels and technology to keep campaigns current.

In conclusion, an effective public awareness campaign in the insurance industry requires targeted messaging, educational content, collaboration with influencers, a storytelling approach, the use of social media, public service announcements, collaboration with educational institutions, government endorsement, and continuous feedback mechanisms. A diversified approach guarantees that the campaign reaches a wide range of people and contributes to a better educated and empowered public.

10. Conclusion

10.1. Recap of Key Findings

In order to provide the recap of the key findings, let's answer all of the research questions posed in the beginning of this study.

- What are the prevalent perceptions regarding insurance as a financial instrument in the Hungarian demographic?

The prevalent perceptions of insurance in the eyes of an average citizen in Hungary differs based on the individuals socio-economic and educational status. Lower-income individuals tend to view insurance as another financial burden, and if they decide to purchase products, they are more likely to be aligned with the cheapest option available, than their actual financial needs. This problem can cause negative experiences, which in the culture of the Hungarian people, leads to negative word-of-mouth reputation. Since Hungarians still rely on their friends and family as the number one source of information, these negative experiences created by external factors become stereotypical, damaging the perception of insurers. This is not so the case with educated and high-income individuals. They are able to view insurance as an investment product, and as such may have a positive experience with insurers.

The prevalent perceptions seem to be, that insurance is necessary, the premiums are affordable, but people are generally afraid of the claim handling process.

- What are the determinants and underpinnings of such perceptions?

The determinants, as explained above, are mostly emotional and psychological factors, including trust, reputation, and way of conducting business.

- To what extent do educational and media channels influence these perceptions?

There is a clear correlation between education and understanding of insurance as a financial product. Education seems to hold a high level of influence on the perception of insurance. The media also plays a pivotal role, where articles portraying them as greedy corporations, or otherwise in negative light, are damaging to public perception, while news and articles that highlight the value of insurance tend to shed a more positive light on these companies.

- How do these perceptions resonate within the financial behavior and decision-making processes of the populace?

The biggest problem in the decision-making process is that insurance, although a product, is actually not tangible. Clients purchasing policy do not immediately gain something, they do not receive any form of compensation for the trade. (Sperczel, 2011) Instead, insurance is a promise that should a specified negative event were to happen, they will receive X amount of money. Because this is conditional, psychological phenomenon such as loss aversion and risk aversion come into play, where individuals perceive that “losing” a set amount of money every month, this being the premium they pay, is actually higher than the expected value they might receive in the case of a negative event. If this is coupled with negative perceptions, then the decision-making process will most likely turn out to be a declinal of the offer.

In conclusion, the perception of insurance is an extremely important factor, that changes slowly. As insurance companies provide better services and better claim handling processes, they will gain a better reputation. Almost all of the current negative stigma can be attributed to information gained from friends and family, so individuals already develop conceptions about insurance, even if they do not own any. This will likely change for the better as time moves on, and policy holders of today can report their positive experiences to their friends and family, possibly referring them also. If this will be coupled with a better educational program, then the financial literacy and culture of the Hungarian people will improve, and this will automatically mean a clearer, more truthful perception of insurance as a financial product.

10.2 Future Research Directions

A potential research direction could be the analysis on why some individuals are more likely to refer their insurer than others. This avenue could help companies increase their lead generation, and therefore their new business.

Another possible research direction could be a more specified demographic research, where one could identify those who have a substantial disposable income, but do not own any insurance product. It would be interesting to learn what kind of opinions this segment has on the subject of insurance.

11. Appendices

11.1. Survey Questionnaires

This was the survey questionnaire the questions were originally in Hungarian.

What is your age?

- 18-24
- 25-34

- 35-44
- 45+

What is your gender?

- Male
- Female
- Other

What is your highest qualification?

- Elementary School
- Vocational school
- Graduation
- Degree (Bsc)
- Degree (Msc)
- Doctorate
- Other

What is your current occupation?

- Student
- Employed
- Self-employed
- Employer/CEO
- Other

What is your current monthly income?

Salary + all other incomes. The entire net income, from all possible sources.

- 0-100.000 Ft
- 100.000 - 149.999 Ft
- 150.000 - 249.999 Ft
- 250.000 - 299.999 Ft
- 300.000 - 400.000 Ft
- 400.000 Ft +
- Other

In which part of Hungary do you reside in?

- Budapest
- Pest
- Észak-Magyarország
- Nyugat-Dunántúl
- Közép-Dunántúl
- Dél-Dunántúl
- Észak-Alföld

- Dél-Alföld

How important do you think the following insurance products are?

	Not important	A little important	Pretty important	Extremely important
Life insurance				
Accident insurance				
Pension insurance				
Home Insurance				
Travel Insurance				
Casco				
Income protection Insurance				
Credit insurance / loan collateral				

On a 1 to 5 scale, how would you rate your knowledge about insurance products?

Very little 1 2 3 4 5 Knowledgeable

Are you in possession of some sort of insurance product/policy/bond?

- Yes
- No

What is your primary source of information in regards to insurance?

- Television
- Online Articles
- Insurance agents, offices, brokers
- Friends and Family
- Social Media
- Other...

On a scale of one to ten, how much do you trust insurance companies?

Not at all 1 2 3 4 5 6 7 8 9 10 Fully trust

Which of the following attributes is the most important to you, in order to build trust with the company?

- Transparent policies and guidelines
- Positive feedback
- Company with a long past, with history
- Preferable pricing
- Fast and just claim handling

What would be your preferred method to receive and sign your insurance offer?

- Online
- In-Person meeting
- Through a broker
- Through an application

Have you ever handed in a claim towards an insurance company?

Yes

No

If you answered yes to the previous question, please detail your experience.

How would you rate the premium of insurance products on a scale of one to five?

Easily affordable 1 2 3 4 5 Very expensive

Which of the following products is the most important to you?

- Life insurance
- Vehicle insurance (Casco)
- Home Insurance
- Travel insurance
- Sickness/accident insurance
- Other

Did you ever have difficulties understanding the terms of an insurance contract?

- Yes
- No

If you answered yes to the previous question, please detail your experience.

Would you be interested in educational workshops and online contents regarding insurance?

- Yes
- No

How likely are you to recommend your current insurer to your friends and family?

Not likely 1 2 3 4 5 I am actively recommending them.

In your opinion, what could improve the perception of insurance in the eyes of the Hungarian population?

- Positive representation in the media
- Better claim handling, easily available statistics of this
- Other...

Do you have any concrete concerns or stereotypes that you would like to be addressed and answered?

In your opinion, how could insurance companies improve their communication with the public?

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**PANNON EGYETEM
GAZDÁLKODÁSI KAR ZALAEGERSZEG**

SZERZŐI ÖSSZEFOGLALÁS

A dolgozat címe: Insurance Perception In the Hungarian Population	
Hallgató neve: Juhász Ákos	NEPTUN kód: NFT7YO
Képzési szint: alapképzés	
Szak: Pénzügy és számvitel	Szakirány: Vállalkozások Pénzügyei
Témavezető neve: Fejes Judit Katalin	Beosztása: Mesteroktató
Tanszék: Pénzügy és Gazdálkodás Tanszék	

Insurance is a crucial financial product in today's world. However, there are certain preconceptions about insurance that change how people perceive it. This study aims to find out what these perceptions are, what are the main factors in influencing and shaping these perceptions, and makes an attempt to offer potential solutions for insurance companies to improve.

The thesis provided answers to the questions posed about insurance perception. From the study, I have learned that the prevailing perceptions about this financial product is dependent on the individual's socio-economic status, their culture, as well as their attunement to certain psychological phenomena.

More specifically, the following conclusions were made: The Hungarian culture still favors strong family ties. This means that it is acceptable, and is almost expected, that if someone is in a financial hardship, they turn to their families instead of using financial services. This is embedded in our culture. Also, most information gained about insurance comes from friends and family, which means that negative experiences of previous generations are still prevalent in the generation of today's citizens.

When viewing the economic status of individuals, the study has shown that lower income individuals tend to view insurance as a financial burden, instead of an investment in the future, the way their higher-income counterparts do. This phenomenon, coupled with already negative stereotypes, makes it incredibly difficult for insurance companies to fray out a positive image.

Certain psychological factors also come into play, like risk aversion. Insurance offers a set amount of money if a negative event happens, which has a low probability. For this service, they charge a premium, that people must pay regularly. Risk aversion states that the feeling of

losing the amount of money equal to the premium regularly is much stronger than the feeling of winning a large amount of money, if that has a low probability, like in insurance.

Other psychological factors shaping perceptions are the nature of delayed transaction, meaning that clients often do not receive anything in return for their money for years, before an event finally occurs that is eligible for a claim. (Sperczel, 2011)

The state of today's market isn't as grim as one might expect it, however. Insurance companies have a very real chance to shape their image, by improving their claim handling processes, building trust with their clientele, and focusing on targeted business generation. The study shows that there is a real need for insurance, and that people are indeed using it, but bitter experiences from the past still linger, and this can sometimes influence decision-making, leaving individuals without a safety net.

Hungarian

A biztosítás a mai világ egy alapvető pénzügyi terméke. Léteznek azonban bizonyos előítéletek, amelyek megváltoztatják azt, hogy az emberek hogyan érzélik eme terméket. Ez a tanulmány választ keres arra, hogy melyek ezek az előítéletek, felfogások, mely tényezők befolyásolják a leginkább a megítélést, és javaslatot tesz a biztosító társaságok számára azzal kapcsolatban, hogy hogyan javíthatnának ezeken az előre megalkotott véleményeken.

A szakdolgozat megválaszolta a feltett kérdéseket a biztosítások észlelésével kapcsolatban. A dolgozatról kiderült, hogy az egyének társadalmi és gazdasági státusza, kultúrája, és fogékonysága egyes pszichológiai jelenségekre jelentősen befolyásolja a biztosításokról alkotott véleményüket.

Konkrétabban a következő konklúziókat vontam le: A Magyar kultúra még mindig előnyben részesíti az erős családi köteleket. Ez azt jelenti, hogy elfogadott, sőt alighanem elvárt, hogy anyagi nehézség esetén a családukhöz forduljunk segítségért ahelyett, hogy pénzügyi szolgáltatásokat használnánk. Ez a kultúránk része. Ugyanakkor a legfőbb információ szerzési csatorna még mindig a barátoktól és családtól kapott információ, amely azt is jelenti, hogy a korábbi generáció negatív tapasztalatai a mai generáció állampolgárjaiban is megtalálható.

Az egyének gazdasági helyzetét vizsgálva a szakdolgozat megmutatta, hogy az alacsonyabb jövedelemmel rendelkezők egyfajta teherként tekintenek a biztosításokra, míg a magasabb jövedelemmel rendelkezők inkább befektetésként kezelik. Ez a jelenség, párosítva a negatív sztereotípiákkal elképesztően nehézé teszi a biztosító társaságok számára, hogy egy pozitív képet harcoljanak ki magukról.

Bizonyos pszichológiai tényezők is közrejátszanak, mint például a kockázatkerülés. A biztosítás egy előre meghatározott összeget fizet ki az ügyfél számára, ha egy nem várt, negatív esemény bekövetkezik. Ennek az eseménynek alacsony a valószínűsége. Ezért a szolgáltatásért díjat számítanak fel, amelyet rendszeres időközönként fizetni kell. A kockázatkerülés azt jelenti, hogy annak a díjnak az elvesztése, amelyet a biztosításért fizetünk, sokkal erősebb érzést vált ki az emberben, mint az az érzés, hogy egy alacsony valószínűséggel egy viszonylag nagyobb összeget tehetünk szert.

Egyéb pszichológiai tényezők közé tartozik a halasztott tranzakció is, amely azt jelenti, hogy az ügyfél nem kap semmilyen terméket vagy szolgáltatást a kifizetett díjért cserébe, sokszor

éveken keresztül. A biztosító csak akkor “fejezi be” a csereüzletet, ha végül történik egy olyan esemény, amely kárrendezésre jogosult. (Sperczel, 2011)

A biztosítás piaca azonban nem olyan zord, mint amilyennek az tűnhet. A biztosító társaságoknak most valós esélyük van arra, hogy megváltoztassák az előre kialakult imázsukat. Ezt elérhetik azzal, hogy a kárrendezés folyamatát javítják, bizalmat építenek ki az ügyfeleikkel, és arra fókuszálnak, hogy célzottan szerezzenek új üzletet. A dolgozatból kiderül, hogy egy valós igény van a biztosítók iránt, és az emberek használják is ezt a pénzügyi terméket, de a múlt keserű élményei még mindig jelen vannak, és ez néha befolyásolhatja az emberek döntéseit, biztonsági háló nélkül hagyva őket.