Australians' Confidence about Personal Insurance

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KEY FINDINGS

- There is greater confidence in understanding about general insurance products compared to personal insurance (with trauma cover having the lowest confidence in understanding).

- A higher confidence about understanding personal insurance is likely to be associated with those in higher age groups (35 years and above), with higher education (post-graduate), retirees, and the self-employed, and those on higher income levels.

- A higher confidence about one's adequacy of personal insurance is likely to be associated with males, those in higher age brackets, with higher education, self-employed, retirees, full-time employees, and those on higher income levels.

ABSTRACT

There is a growing personal responsibility for individuals to ensure their financial security, which can include the ability to cope with the uncertainty that can arise. Insurance can play an important role in allowing people to manage this uncertainty, including personal insurance such as life insurance, total and permanent disability, income protection, and trauma cover. Our understanding of personal insurance is particularly limited. This article reports a study into Australians' confidence as it relates to personal insurance, and whether they consider their coverage is adequate. This understanding is important as confidence could influence the decision to purchase insurance.

Life is full of uncertainties and risks that are faced by people on a daily basis. Some risks and uncertainties can be eliminated, while some cannot. Negative effects of risks and uncertainties can manifest in emotional and/or financial losses. While the effects of emotional losses can be difficult to minimize, negative effects of financial losses can be minimized, particularly with the help of appropriate insurance policies, as insurance is a mechanism to transfer risk from the insured individual to the insurance company (Teale 2016).

There are various types of insurance such as general insurance which can include house and car insurance, and personal insurance, which can include coverage for a person, such as to protect income, to repay debts, or to provide for dependents. Despite the important role insurance can have in allowing people to manage their financial affairs, there is concern that people can be underinsured, with either no insurance or insurance not of a sufficient amount to cover their losses should the insured event occur. This under-insurance can cause severe financial hardships, resulting in the depletion of savings and reliance on extended family and the government's social security system. If underinsurance is a significant problem in Australia, it can

have negative effects on individuals, businesses, and society as a whole. Although an adequate personal insurance coverage will not take away emotional pain caused by the death or illness, it can help to alleviate the financial burden for the insured individual who is unable to work due to injury or disability, or if the main breadwinner passes away.

Insurance is part of a financial plan, allowing people to manage their finances by insuring against adverse events. Governments have considered that financial literacy is important in providing people the capability to manage their finances, and insurance literacy is necessarily part of this. Part of literacy is a person's confidence, as it may influence their financial decision making.

In relation to personal insurance compared to general insurance, the understanding about why people do or do not hold appropriate levels of personal insurance is not complete. In particular, the understanding of the importance of personal insurance is very limited. Personal insurance is generally not studied, with more attention given to general insurance (including property insurance).

Prior research has provided qualitative data about Australians' personal insurance literacy, and what might be influencing their insurance purchases (Driver et al. 2018). This article focuses on four types of personal insurance policies, being life insurance, total and permanent disability (TPD), income protection (IP), and trauma cover. Life insurance provides financial protection for families and dependent relatives by paying a lump sum or extinguishing debt of the deceased (Teale 2016). TPD and Trauma policies provide pay-outs to insured individuals in the event of total and permanent disabilities, such as loss of limbs, loss of eyesight, being paralyzed, being cognitively impaired, and various medical illnesses clearly identified in the insurance policy. IP policies provide payments in the form of income streams when the insured is not able to work due to illness or disability (Teale 2016).

This article considers people's confidence in terms of understanding personal insurance, (compared to general insurance), as well as their confidence about having adequate coverage for the four types of personal insurance studied. This is important as low confidence in understanding could demonstrate areas where people need to improve their knowledge, as well as the extent of their coverage, and identify areas of concern.

The next section of this article will provide a broad summary of underinsurance and how insurance is part of the notion of financial literacy. We then provide the research methodology undertaken and the demographics of the participants, followed by the results. Future research is outlined in the final section of the article before concluding.

INSURANCE BACKGROUND

This section considers under-insurance, and how it may be related to the notion of financial literacy, which includes people's understanding and confidence in terms of insurance.

Under-insurance

Studying people's understanding and confidence in relation to insurance is important as currently there are concerns in Australia about people being underinsured (InsuranceWatch 2020). For example, even though 94% of working Australians have life insurance, the median level of this cover is only around $143,500, or less than twice the median household income of $75,000. Furthermore, the report stated that only 81% of working Australians had TPD insurance and the median level of cover is

only $99,500, or less than one and a half times median household income (InsuranceWatch 2020).

MetLife found that 60% of people thought they probably would not have insurance cover if it were not automatically included within their superannuation account. It further found that two thirds of participants did not know how much life insurance they needed to be adequately protected (MetLife 2018), and 55% suspected they did not have enough life insurance (MetLife 2018). They have also found that 5 out of 10 people were not aware that they could increase their level of cover inside their superannuation account. While it appears having insurance within superannuation facilitates people acquiring it, Waraker (2020) has raised concerns that it is not a tailored product, and as a result people may find themselves underinsured.

Underinsurance could be related to people's confidence in understanding different insurance policies, as if they have a low understanding, they may not appreciate what the insurance is about, and how it may be relevant.

Financial Literacy

The importance of financial literacy lies in the potential financial difficulty arising from poor financial decision-making and has become more acute given the rise of household debt (Worthington 2006). Financial literacy is important, as it has major implications for the wellbeing of individuals in the management of their financial affairs (Widdowson and Hailwood 2007). Ramsay and Capuano (2011) conclude that improved financial literacy would allow people to be more realistic and proactive about their financial position. As a result of increased financial literacy, people would be more likely to increase their savings and therefore achieve their financial goals (Ramsay and Capuano 2011). Research suggests that improving financial skills is central to overall economic prosperity and that low levels of financial literacy act as a barrier to participation in the financial system (Commonwealth Department of Treasury 2006).

Financial literacy means different things to different people, as is reflected in the many definitions used in the literature (Worthington 2005); however, knowledge is the most common component of many conceptual definitions of literacy (Sanjeewa and Hongbing 2019). Financial literacy is a broad concept, encompassing an understanding of economics and how household decisions are affected by economic conditions and circumstances (Hogarth 2002). It can also be defined quite narrowly, specifically focusing on basic money management: budgeting, saving, investing, and insuring (Hogarth 2002). Basu (2005) defines financial literacy as the ability to make informed judgments and to take appropriate actions about the current and future use and management of money.

It has been consistently found that Australians are broadly financially literate, but that certain groups have particular challenges, and certain financial skills, services, and products are not as well understood or utilized by them (ANZ 2008). It has been found that lower levels of financial literacy were more likely to be found in the following groups: those with lower levels of education; those not working, or in unskilled work; those with lower incomes (<$20,000); those with lower savings levels (<$5,000); females, single people, and those at both the younger and older extremes of the age profile (ANZ 2015; ANZ 2011; ANZ 2008; ANZ 2005).

Financial literacy is important in financial planning because if people do not understand financial products, and personal insurance products in particular, they may be less likely to purchase appropriate levels of personal insurance to adequately protect themselves. It may be that financial literacy is linked to insurance literacy and, as a result, having appropriate levels of personal insurance.

Insurance Literacy

Considering these definitions, insurance literacy can be understood as the ability to make informed judgments and to take appropriate actions about the current and future use and management of insurance. Several studies published about financial literacy and insurance literacy, in particular, suggested that illiteracy in these areas could affect decision-making processes in relation to personal insurance purchase. However, Huston (2010) points out that only 16 of the 52 (30%) financial literacy and financial education studies considered insurance and risk management topics. This notion was also supported by a more recent study conducted by Lin et al. (2019), which suggests that financial literacy does not necessarily translate to insurance literacy. Furthermore, according to Sanjeewa and Hongbing (2019), earlier studies on financial literacy identified risk protection as a particular category (Zait and Bertea 2014; Huston 2010; Remund 2010; Lin et al. 2019).

Sanjeewa and Hongbing (2019) state that insurance literacy is strongly associated with underinsurance and suggest that increased education about insurance products could lead to more people changing their behavior, which may positively affect their financial wellbeing. They also state that a person who is insurance literate would generally demonstrate the knowledge and skills needed to make choices within the insurance market.

Tennyson (2011) suggests that very little research was conducted in the area of insurance literacy, and that most published work was primarily focused on saving and investing. Tennyson developed a survey conducted in the United States that involved asking 10 questions about insurance. The research considered the relationship between respondent scores and respondent demographic characteristics. The research demonstrates that males had a quiz score of around 62%, with females scoring 55%. Native-born citizens and immigrants averaged 59% and 54% correct responses on the quiz, respectively. Those who earned more than $75,000 per annum scored on average 62%, and those who earned less than $25,000 had an average score of 52%. Interestingly, married participants scored higher than unmarried participants, and participants who lived in or around a large city scored lower than other participants. Age was not seen as a significant factor in scores. Overall, the results indicated that Americans had low knowledge and confidence in insurance decision-making. The main limitation in this study was that the questions asked in the quiz did not discuss TPD, Trauma, and IP insurances. A more recent qualitative study of financial advisers demonstrated that participants that Australians had a very low level of knowledge when it came to personal insurance products (Driver et al. 2018).

Lin et al. (2019) discuss the issue of people not understanding life insurance, and they point out that 35% of employed people do not have any disability insurance (Lin et al. 2019). They also note a recent market survey demonstrating that 9 out of 10 Australians do not understand life insurance, and 49% of participants incorrectly believe that IP insurance gives them a payout when they lose their job for any reason (Lin et al. 2019).

Confidence

The notion of financial literacy has expanded over the last decades, implying that a financially literate person will behave in a certain way, make better decisions, and have certain attitudes and characteristics. Lusardi and Mitchell argue that there is a link between financial knowledge and behaviour with causality going "from knowledge to behavior" (Lusardi and Mitchell 2013).

"Financial capability" is considered a more appropriate term when describing a person's abilities or skills in relation to financial matters (Hogarth 2002; Vyvyan and Brimble 2007; Blue and Brimble 2014). Confidence is seen as a critical component of financial capability as it underpins one's ability to implement acquired financial knowledge, inform effective financial decisions, and drive awareness in relation to one's limits and thus the propensity to seek financial advice (Blue and Brimble 2014).

The Financial Literacy Foundation found that there can be a gap between the self-assessed confidence to invest and the indicators of actual confidence or ability. For example, in relation to protecting money, Australians reported a high level of confidence in their ability to recognize a scam or investment scheme (above 80%) (Financial Literacy Foundation 2007). However, fewer people actually recognized key aspects of scams and schemes (such as risk and return and understanding financial language) and went ahead with investments despite a lack of confidence or ability (Financial Literacy Foundation 2007).

Nevertheless, confidence is important, as extremely low levels of confidence can affect, even stop, investment decisions (Estes and Hosseini 1988). A study that explored financial literacy, financial confidence, and expectations of inflation found that people with low financial literacy also have less confidence and shorter-term financial planning goals (De Bruin et al. 2010). De Bruin et al. (2010) argue that those with less financial confidence may not feel they have the ability to make complex financial decisions and that confidence is an important aspect for increasing financial literacy. van Rooij et al. (2012) also found that those with more confidence in their financial knowledge have a higher propensity to plan for the future in terms of finances. In terms of confidence and its importance when measuring financial literacy (or when determining where there might be problems with financial literacy), it has been argued that "self-reported confidence often has independent predictive power for financial outcomes relative to more objective test-based measures of financial literacy" (Hastings et al. 2012).

Research has demonstrated that financial literacy tends to improve with increased confidence and under-confidence has a significant negative impact on overall net worth (van Rooij et al. 2012). The literature indicates that confidence can be a predictive indicator of financial literacy. Also, over-confidence can potentially lead to poor planning and lower propensity to seek advice.

The study about Australians' confidence in a range of tax and superannuation issues found that lower confidence in tax and superannuation issues is more likely to be found in females, younger age groups, and those on lower incomes (Chardon et al. 2016). These findings were consistent with the Financial Literacy Foundation research in relation to financial confidence. They found additional evidence that lower confidence in relation to taxation and superannuation issues is likely to be found in those with less participation in the paid workforce (such as full-time students or those not in paid work) and those with lower education levels (Chardon et al. 2016). Prior research highlighted that people appeared to be more familiar with general insurance products, such as House/Building and Contents insurance, Motor Vehicle insurance and Private Health insurance, compared to personal insurance (Driver et al. 2018).

Consequently, financial literacy is not just about knowledge and understanding of complex areas, it is also about increasing confidence.

It is argued that research about self-reported confidence as it relates to specific personal insurance products will provide additional insights and understanding about financial literacy and capability. A more thorough understanding of confidence levels may assist in identifying specific financial areas that need to be focused on or improved. This article reports the first known study to explore the extent to which people are confident in terms of their personal insurance in Australia, and how this may be related to certain demographic characteristics.

EXHIBIT 1
Demographics

	Response Percentage	Response Count
Gender		
Male	48.2%	392
Female	51.7%	420
Other	0.1%	1
Age		
18–24	12.7%	103
25–34	21.4%	174
35–44	22.3%	181
45–54	15.9%	129
55–64	15.3%	124
65 and above	12.4%	102
Education		
Year 10	4.5%	36
Year 12	22.3%	181
TAFE	20.4%	165
Bachelor degree	33.4%	270
Postgraduate	19.4%	157
Employment		
Employed – Full time	42.0%	341
Employed – Part time	23.3%	189
Employed – Casual	1.5%	12
Self-employed	11.1%	90
Homemaker	4.0%	33
Unemployed	3.2%	26
Retiree	11.7%	95
Student	3.2%	26
Work/Did Not Work in the Financial Services Industry		
No	87.6%	712
Yes	12.4%	101
Income Level		
0–18,200	12.1%	98
18,201–37,000	17.9%	145
37,001–80,000	37.7%	305
80,001–180,000	28.0%	226
Greater than 180,001	4.3%	35

RESEARCH

Methodology

The research consisted of a large-scale survey, which was conducted over the period between November 2015 and January 2016 (prior to the advent of COVID-19).

The survey design was informed by prior research (Driver et al. 2018) and the established literature. Of relevance to this article are the first and second parts of the survey. The first part of the survey contained demographic questions and the second part included various questions to examine participants' understanding of personal and general insurance types, and their confidence as to understanding and level of insurance.

The survey was conducted via an online platform (Survey Monkey) with web-link invitations sent to potential participants. The sample was derived through convenience sampling (Beidernikl and Kerschbaumer 2007) until a desired number of responses was achieved, which was 817 participants. For this research, the sample was obtained through a number of means. Advertising was undertaken through university wide email communication to staff of Griffith University. Second, advertising of the survey website took place through radio, newspaper articles, and Facebook. Thirdly, the survey was advertised through manually depositing a survey invite to mailboxes in Brisbane and the Gold Coast. Lastly, the survey was advertised in the local newspaper, as well as at different meetings with various community groups.

The survey was approved by the relevant Ethics Committee, with the draft survey instrument pilot tested prior to final release.

Participants

The sample size was 817 participants (See Exhibit 1). Since the survey was conducted at the end of 2015, the figures collected from the Australian Bureau of Statistics (ABS) were also from the similar period for comparison purposes to illustrate whether the survey sample was largely in line with the Australian population.

The sample demonstrates the survey to have similar proportion of females (51.7%) to males (48.2%), with 0.1% identifying themselves as "other" gender (one person out of 817), which generally aligns with the general population (ABS 2015).

The majority of participants were aged 25–34 and 35–44, being 21.4% and 22.3% of participants, respectively (total of 43.7%). According to the ABS data in June 2014 (ABS 2015) there were 15.6 million people of working age in Australia (15 to 64 years), which represented 67% of the total population with 15% aged 65 years and over.

It is important to note that the survey did not take into account persons under the age of 18, mainly because it was the legal age required for participation in this research, and for holding a personal insurance policy. Participants from 18 to 64 represented 87.6% of the participants, with 12.4% being 65 years of age and older. This is broadly in line with the Australian community. Overall, based on available statistics it could be concluded that the survey age demographics was sufficiently representative of the Australian population.

Fifty-three percent of the sample had either a bachelor's degree or postgraduate qualifications of some kind. ABS data for 2016 reports 24% of the Australian population obtained a bachelor's degree and above (ABS 2017). This is considerably lower compared to the sample population, and this should be kept in mind when interpreting the results.

The vast majority of participants (66.8%) were employees, with 11.1% of participants self-employed. In 2016 people who reported being in the labor force (the size of the Australia's labor force in 2016 was 11,471,294) aged 15 years and over fell in the following categories: 62% worked full-time and 36% part-time (.idcommunity-the population experts, not dated). It appears this is in line with the survey population.

Income levels of participants revealed that 67.7% of survey participants had taxable incomes of less than $80,000 per year. The most common income bracket reported was the $37,001–$80,000 bracket. This is in line with ABS data, which indicated that in 2015–16, the mean equivalized disposable household income was $1,009 per week. However, the median was lower, at $853 per week (ABS 2017).

RESULTS

The results are now discussed in terms of participants' confidence in relation to their understanding and adequacy of personal insurance, and then whether there are differences in demographic characteristics, followed by more detailed statistical analyses.

Personal Insurance Confidence—Understanding

The first question was designed to understand if people were confident about their understanding of various insurance products, such as life insurance, TPD insurance, IP insurance, Trauma insurance, House/Building insurance, Contents insurance, Motor Vehicle insurance, and Private Health insurance.

Exhibit 2 indicates that more people strongly disagreed or disagreed with the statement *"I am confident that I have a thorough understanding of…"* when it came to personal insurance products compared to general insurance products. Considering the agree statements (somewhat agree, agree, and strongly agree) it becomes clear participants have increased confidence about general insurance compared to personal insurance. Using the agree statements as a scale, the highest ranked confidence of having a thorough understanding was for motor vehicle insurance (90.6%). The second ranked at 82.4% was for house/building insurance, followed by content insurance (79.9%). The fourth ranked confidence of having a thorough understanding was for private health insurance (77.9%). The four personal insurance types focused on for this research ranked from fifth to eighth, with life insurance at 50.4% followed by IP insurance (46.8%) and TPD (45.7%). Participants had their lowest confidence in understanding in terms of trauma cover, with only 40% either somewhat agreeing, agreeing, or strongly agreeing that they had a thorough understanding of trauma cover.

In summary, it appears that participants believed they had a higher level of understanding of general insurance products. The personal insurance policies demonstrated

EXHIBIT 2
PIC Understanding

I am confident that I have a thorough understanding of

Answer Options	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree	Not Sure	Response Count
…life insurance	151	93	49	100	123	181	103	7	807
…total and permanent disability	159	105	67	97	122	161	86	10	807
…income protection	157	98	58	107	120	168	90	9	807
…trauma cover	164	118	69	121	123	132	68	12	807
…house/building insurance	23	12	24	76	132	327	206	7	807
…contents insurance	24	17	33	82	140	297	208	6	807
…motor vehicle insurance	16	12	9	34	110	331	290	5	807
…private health insurance	24	14	40	93	145	291	193	7	807
	1	2	3	4	5	6	7		

Answered question	807
Skipped question	10

EXHIBIT 3
PIC Adequacy

Please indicate to what extent you are confident with the following statements

Answer Options	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree	Not Sure	Not Applicable	Response Count
I have adequate life insurance	182	54	25	82	41	179	94	54	79	790
I have adequate total and permanent disability insurance	187	62	28	87	43	151	79	55	98	790
I have adequate income protection insurance	219	59	29	61	35	121	66	16	184	790
I have adequate trauma insurance	223	63	30	68	24	97	65	23	197	790
	1	2	3	4	5	6	7			

Answered question	790
Skipped question	27

a lower perceived understanding from the participants. This suggests that individuals consider that they were more familiar with general insurance compared to personal insurance, which is consistent with prior qualitative research (Driver et al. 2018). The difference in the level of confidence about their understanding might be explained by the fact that people are more familiar with general insurance, as they could be more used to purchasing general insurance policies, and in some cases the purchase of general insurance is compulsory, such as when financing a house with a bank loan and house/building insurance is a must. Also, they may have been more likely to have made a claim under a general insurance policy, and such interaction could increase their confidence about what exactly it means and covers.

Personal Insurance Confidence—Adequacy

The second question was designed to understand if participants were confident they held adequate personal insurance policies (See Exhibit 3). What can be

immediately gauged is that participants' confidence about their adequacy of personal insurance is lower than the confidence about understanding, as all adequacy agreement statements are below 40%. The strongest confidence in the adequacy of insurance coverage was with life insurance, with only 39.7% in terms of the agree statements (aggregating somewhat agree, agree and strongly agree). In terms of the agree statements, TPD was the second ranked with only approximately a third of participants (34.6%) having confidence in their coverage for it. The third ranked confidence was for IP insurance (28.10%), with the fourth ranked confidence being for trauma insurance as less than a quarter of participants (23.5%) agreed they had adequate coverage.

These results indicate that there is low confidence about the adequacy of coverage by the four personal insurance types studied. Life and TPD insurances might have the higher level of confidence due to these being provided by superannuation funds, and as a result there could be more information about those covers available to people, although it is still low (Driver et al. 2018).

4.3 PIC: Understanding—Score

A personal insurance confidence understanding (PIC-U) score was then calculated for each participant based on the answers to questions in Exhibit 2. The maximum PIC-U score was calculated to be 56, with the highest rate 7 given to "strongly agree" and the lowest 1 given to "strongly disagree." If the participant strongly agreed with all the statements for all insurance types, then he or she would get a score of 56 (8x7). The overall PIC-U scores for each demographic can be found in Exhibit 4. They are divided into six categories of understanding: very low (0–10); low (11–20), average (21–30), above average (31–40), high (41–50), and very high (51–56).

4.4 PIC: Adequacy—Score

A personal insurance confidence adequacy (PIC-A) score was also calculated for each participant based on the answers to questions in Exhibit 3. Only personal insurance types were considered, and if the respondent strongly agreed with all the statements for four types of personal insurance products, then he or she would get a maximum score of 28 (4x7). The overall PIC-A scores for each demographic can be found in Exhibit 5, and are divided into three categories of adequacy: low (0–10), average (11–20), and high (21–58).

Statistical Analysis of Scores

The data for PIC-U and PIC-A were statistically analyzed with the following variables: gender, age, education, employment status, working in a financial services industry, and income level.

The Kruskall Walis test and Mann Whitney test were used as the normality assumption was violated for the data (significance of KS test was <0.05). When there were two categories, the Mann Whitney test was applied, as it is the non-parametric counterpart of independent samples t-test. The non-parametric counterpart of one-way ANOVA, the Kruskall Walis test was used when there were more than two categories.

The sections below report on the findings of the demographic analysis in terms of PIC-U and PIC-A.

EXHIBIT 4
Overall PIC Understanding (PIC-U) Scores for Various Demographics

Demographic Characteristic	Very Low PIC Score 0–10	Low PIC Score 11–20	Average PIC Score 21–30	Above Average PIC Score 31–40	High PIC Score 41–50	Very High PIC Score 51–56
Gender						
Males (392)	13 (3.3%)	21 (5.4%)	82 (20.9%)	90 (23%)	126 (32.1%)	60 (15.3%)
Females (420)	11 (2.6%)	34 (8.1%)	68 (16.2%)	106 (25.2%)	146 (34.8%)	55 (13.1%)
Age Group						
18–24 (103)	8 (7.8%)	28 (27.2%)	34 (33%)	20 (19.4%)	12 (11.7%)	1 (1%)
25–34 (174)	6 (3.4%)	11 (6.3%)	39 (22.4%)	50 (28.7%)	41 (23.6%)	27 (15.5%)
35–44 (181)	5 (2.8%)	4 (2.2%)	25 (13.8%)	57 (31.5%)	69 (38.1%)	21 (11.6%)
45–54 (129)	2 (1.6%)	4 (3.1%)	22 (17.1%)	42 (32.6%)	40 (31%)	19 (14.7%)
55–64 (124)	1 (0.8%)	2 (1.6%)	15 (12.1%)	21 (16.9%)	61 (49.2%)	24 (19.4%)
65 and above (102)	3 (2.9%)	6 (5.9%)	15 (14.7%)	6 (5.9%)	49 (48%)	23 (22.5%)
Education Level						
Year 10 (36)	1 (2.8%)	7 (19.4%)	7 (19.4%)	7 (19.4%)	9 (25%)	5 (13.9%)
Year 12 (181)	11 (6.1%)	28 (15.5%)	71 (39.2%)	38 (21%)	20 (11%)	13 (7.2%)
TAFE (165)	2 (1.2%)	9 (5.5%)	30 (18.2%)	40 (24.2%)	63 (38.2%)	21 (12.7%)
Bachelor degree (270)	7 (2.6%)	6 (2.2%)	30 (11.1%)	72 (26.7%)	114 (42.2%)	41 (15.2%)
Postgraduate (157)	4 (2.5%)	5 (3.2%)	11 (7%)	39 (24.8%)	63 (40.1%)	35 (22.3%)
Employment						
Full time (341)	5 (1.5%)	13 (3.8%)	67 (19.6%)	100 (29.3%)	112 (32.8%)	44 (12.9%)
Part time (189)	6 (3.2%)	24 (12.7%)	42 (22.2%)	47 (24.9%)	52 (27.5%)	18 (9.5%)
Casual (12)	0 (0%)	0 (0%)	0 (0%)	1 (8.3%)	9 (75%)	2 (16.7%)
Self-employed (90)	1 (1.1%)	0 (0%)	12 (13.3%)	23 (25.6%)	34 (37.8%)	20 (22.2%)
Homemaker (33)	2 (6.1%)	3 (9.1%)	7 (21.2%)	9 (27.2%)	10 (30.3%)	2 (6.1%)
Unemployed (26)	6 (23.1%)	2 (7.7%)	1 (3.8%)	4 (15.4%)	10 (38.5%)	3 (11.5%)
Retiree (95)	2 (2.1%)	5 (5.3%)	15 (15.8%)	6 (6.3%)	43 (45.3%)	24 (25.3%)
Student (26)	3 (11.5%)	8 (30.8%)	6 (23.1%)	6 (23.1%)	1 (3.8%)	2 (7.7%)
Work in the Financial Services Industry						
Did not work (712)	22 (3.1%)	53 (7.4%)	148 (20.8%)	184 (25.8%)	233 (32.7%)	72 (10.1%)
Worked (101)	3 (2.9%)	2 (2%)	2 (2%)	12 (11.9%)	39 (38.6%)	43 (42.6%)
Income Level						
$9,100 (98)	10 (10.2%)	16 (16.3%)	17 (17.3%)	22 (22.4%)	27 (27.6%)	6 (6.1%)
$27,600 (145)	4 (2.8%)	15 (10.3%)	36 (24.8%)	24 (16.6%)	50 (34.5%)	16 (11%)
$58,500 (305)	7 (2.3%)	22 (7.2%)	69 (22.6%)	73 (23.9%)	90 (29.5%)	44 (14.4%)
$130,000 (226)	0 (0%)	1 (0.4%)	28 (12.4%)	67 (29.6%)	91 (40.3%)	39 (17.3%)
$180,000 (35)	1 (2.9%)	1 (2.9%)	0 (0%)	9 (25.7%)	14 (40%)	10 (28.6%)

NOTES: This exhibit contains information about the percentage of people in various demographics belonging to a certain personal insurance confidence (PIC) understanding range. For clarity purposes it needs to be explained how the income levels were arrived at. To make it convenient for statistical analyses, the first number $9,100 was calculated as half-way between $0 and $18,200. The second number $27,600 was half-way between $18,201 and $37,000. The third number $58,500 was half-way between $37,001 and $80,000. The fourth number $130,000 was half-way between $80,001 and $180,000. The fifth number $180,000 was just an indication of those who earned $180,001 and above. Note these overall income brackets relate to the income brackets used to calculate Australian residents' income tax liability at the time that the research was conducted.

Demographic Analysis

Below is a discussion of PIC-U, PIC-A, and their possible significant relationship to the participants' demographics of gender, age, education, employment, financial industry work, and income.

EXHIBIT 5

Overall PIC Adequacy (PIC-A) Scores for Various Demographics

	Low	Average	High
	PIC Score 0–10	PIC Score 11–20	PIC Score 21–28
Gender			
Males (392)	126 (32.1%)	84 (21.4%)	182 (46.4%)
Females (420)	170 (40.5%)	114 (27.1%)	136 (32.4%)
Age Group			
18–24 (103)	73 (70.9%)	10 (9.7%)	20 (19.4%)
25–34 (174)	72 (41.4%)	49 (28.2%)	53 (30.5%)
35–44 (181)	50 (27.6%)	50 (27.6%)	81 (44.8%)
45–54 (129)	31 (24%)	32 (24.8%)	66 (51.2%)
55–64 (124)	34 (27.4%)	38 (30.6%)	52 (41.9%)
65 and above (102)	37 (36.3%)	19 (18.6%)	46 (45.1%)
Education Level			
Year 10 (36)	17 (47.2%)	12 (33.3%)	7 (19.4%)
Year 12 (181)	115 (63.5%)	21 (11.6%)	45 (24.9%)
TAFE (165)	70 (42.4%)	33 (20%)	62 (37.6%)
Bachelor degree (270)	58 (21.5%)	87 (32.2%)	125 (46.3%)
Postgraduate (157)	36 (22.9%)	44 (28%)	77 (49%)
Employment			
Full time (341)	94 (27.6%)	104 (30.5%)	143 (41.9%)
Part time (189)	100 (52.9%)	39 (20.6%)	50 (26.5%)
Casual (12)	5 (41.7%)	2 (16.7%)	5 (41.7%)
Self-employed (90)	19 (21.1%)	20 (22.2%)	51 (56.7%)
Homemaker (33)	12 (36.4%)	9 (27.2%)	12 (36.4%)
Unemployed (26)	11 (42.3%)	8 (30.8%)	7 (26.9%)
Retiree (95)	37 (38.9%)	14 (14.7%)	44 (46.3%)
Student (26)	18 (69.2%)	2 (7.7%)	6 (23.1%)
Work in the Financial Services Industry			
Did not work (712)	273 (38.3%)	173 (24.3%)	266 (37.4%)
Worked (101)	24 (23.8%)	25 (24.7%)	52 (51.5%)
Income Level			
$9,100 (98)	49 (50%)	23 (23.5%)	26 (26.5%)
$27,600 (145)	89 (61.4%)	22 (15.2%)	34 (23.4%)
$58,500 (305)	114 (37.4%)	83 (27.2%)	108 (35.4%)
$130,000 (226)	39 (17.3%)	65 (28.8%)	122 (54%)
$180,000 (35)	2 (5.7%)	5 (14.3%)	28 (80%)

NOTE: This exhibit contains information about the percentage of people in various demographic groups belonging to a certain personal insurance confidence (PIC) adequacy range.

Gender: PIC-U

In terms of gender, the high PIC-U scores (*aggregating High and Very High scores*) were marginally for females (47.9%) compared to males (47.4%) (See Exhibit 4).

Gender: PIC-A

In terms of gender, males were more confident in the adequacy of their personal insurance (PIC-A scores in High category 46.4%) compared to only 32.4% for females (See Exhibit 5).

EXHIBIT 6

Mann Whitney Test Analysis for the Relationship between Gender and PIC-U and PIC-A Scores

Gender	Frequency	PIC-U			PIC-A		
		Mean Value	Mean Rank	Significance	Mean Value	Mean Rank	Significance
Male	392	37.76	407.34	MW U test value =	16.84	438.14	MW U test value =
Female	420	37.73	404.75	81585.0***	14.55	376.08	69543.0***

NOTES: This exhibit contains information about the relationship between gender and PIC-U and PIC-A scores. It is evident that males had higher levels of PIC-U and PIC-A. * p < 0.05, ** p < 0.01, *** p < 0.001.

Gender: Statistical

A Kruskall Walis test was conducted to analyze the relationship between gender and PIC-U and PIC-A. Gender did not show a significant association with PIC-U score (MW U test value = 81585.000, p = 0.875) (Exhibit 6). However, in comparison to PIC-A the difference was statistically significant different between genders (MW U test value = 69543.000, p < 0.001).

It appears that gender is not a significant factor in relation to PIC-U, but for PIC-A, males are more confident about having adequate personal insurance policies.

Age: PIC-U

Exhibit 7 demonstrates that the highest PIC-U score (*aggregating High and Very High scores*) was for participants who were 65 and above (70.5%) and for the 55–64 age group (68.6%), with 35–44 age group next (49.7%), marginally more than the 45–54 age group (45.7%). The lowest level of PIC-U was reported for the 18–24 age group (12.7%).

Age: PIC-A

From Exhibit 7, participants from the 45–54 age group had the highest PIC-A score (51.2%), followed by the 65 and above age group (45.1%) and the 35–44 age group (44.8%). Similar to PIC-U, the lowest level of PIC-A was evident for the 18–24 age group.

Age: Statistical

The relationship between age groups and PIC-U and PIC-A was also analyzed with a Kruskall Walis test (Exhibit 7). Age group demonstrated a significant association with PIC-U score (KW test value = 124.315, p < 0.001) and PIC-A score (KW test value = 55.935, p < 0.001). The 55–64 age group demonstrated the highest level of mean PIC-U score (42.80) and the 45–54 age group reported the highest level of mean PIC-A score (18.33). However, the 18–24 age group indicated both the lowest level of mean PIC-U score (25.75) and the lowest level of mean PIC-A score (9.80). Pairwise comparisons were performed to elicit individual differences among each category. For PIC-U and PIC-A scores there were significant differences between the 18–24 age group and all other age groups. For PIC-A scores there were significant differences between the 25–44 age group and the 35–44 and the 45–54 age groups. With regard to the PIC-U, the 55–64 age category reported the highest score (mean rank = 502.71) and the second highest score was reported for people aged 65 and above (mean rank = 489.53), while the 18–24 group demonstrated the lowest value

EXHIBIT 7

Kruskall Walis Test Analysis for the Relationship between Age Groups and PIC-U and PIC-A Scores

Age Group	Frequency	PIC-U			PIC-A		
		Mean Value	Mean Rank	Significance	Mean Value	Mean Rank	Significance
18–24	103	25.75	192.02	KW test = 124.315*** (df = 5)	9.80	273.91	KW test = 55.935*** (df = 5)
25–34	174	36.45	380.70		14.09	365.53	
35–44	181	39.10	426.37		17.18	440.82	
45–54	129	39.29	427.29		18.33	471.38	
55–64	124	42.80	502.71		17.12	438.03	
65 and above	102	41.33	489.53		16.28	429.30	

[Significant comparisons – PIC-U]
18–24 vs 25–34***
18–24 vs 35–44***
18–24 vs 45–54***
18–24 vs 55–64***
18–24 vs >65***
25–44 vs 55–64***
25–44 vs >65**
[Significant comparisons – PIC-A]
18–24 vs 25–34*
18–24 vs 35–44***
18–24 vs 45–54***
18–24 vs 55–64***
18–24 vs >65***
25–44 vs 35–44*
25–44 vs 45–54***

NOTES: This exhibit contains information about the relationship between age groups and PIC-U and PIC-A scores. The highest PIC-U scores were evident for the 55–64 and 65 and above age groups. The highest PIC-A scores were evident for the 45–54 age group.
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

(mean rank = 192.02). For PIC-A the 45–54 age category reported the highest score (mean rank = 471.38), while the 18–24 group demonstrated the lowest value (mean rank = 273.91). It appears that middle aged and older participants are more likely to be confident compared to younger participants, who reported lower PIC values. Pairwise comparisons reaffirmed these associations.

After completing statistical analyses, it appears that there was a significant difference found in PIC-U and PIC-A for people in different age groups, where, on average, older participants displayed more confidence.

Education: PIC-U

Exhibit 8 demonstrates that the highest PIC-U score (*aggregating High and Very High scores*) was evident for participants who held a postgraduate qualification (62.4%), followed by participants who had a bachelor's degree (57.4%) and TAFE qualification (50.9%).

Education: PIC-A

Exhibit 9 compares the overall PIC-A score for various education groups, and it is demonstrated that participants with higher levels of education were more confident about having adequate levels of personal insurance policies, with postgraduate degree (49%), bachelor's degree (46.3%) and TAFE (37.6%).

EXHIBIT 8
Kruskall Walis Test Analysis for the Relationship between Education Levels and PIC-U and PIC-A Scores

Education Level	Frequency	PIC-U			PIC-A		
		Mean Value	Mean Rank	Significance	Mean Value	Mean Rank	Significance
Year 10	36	34.81	354.06	KW test =	12.67	319.65	KW test =
Year 12	181	29.20	248.29	120.453***	11.02	296.30	71.597***
TAFE	165	38.44	410.05	(df = 4)	15.04	392.92	(df = 4)
Bachelor degree	270	40.93	466.05		17.94	455.65	
Postgraduate	157	41.86	484.86		18.32	473.24	

[Significant comparisons – PIC-U]
Year 12 vs TAFE***
Year 12 vs Bachelor degree***
Year 12 vs Postgraduate***
Year 10 vs Postgraduate*
[Significant comparisons – PIC-A]
Year 12 vs TAFE***
Year 12 vs Bachelor degree***
Year 12 vs Postgraduate***
Year 10 vs Bachelor degree*
Year 10 vs Postgraduate**
TAFE vs Postgraduate*

NOTES: This exhibit contains information about the relationship between education and PIC-U and PIC-A scores. It is evident that postgraduate participants had the highest PIC-U and PIC-A levels. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Education: Statistical

A Kruskall Walis test was performed to analyze the relationship between education levels and PIC-U and PIC-A (Exhibit 8).

Education level demonstrated a significant association with PIC-U score (KW test value = 120.453, $p < 0.001$) and PIC-A score (KW test value = 71.597, $p < 0.001$). The postgraduate group demonstrated both the highest level of mean PIC-U score (41.86) and the highest level of mean PIC-A score (18.32). Similarly, Year 12 group reported both the lowest level of mean PIC-U score (29.20) and the lowest level of mean PIC-A score (11.02). Pairwise comparisons were performed to elicit individual differences between each category. For PIC-U and PIC-A scores it demonstrated significant differences between Year 12 and TAFE, bachelor's degree, postgraduates. Both PIC-U and PIC-A were positively correlated with the level of education, as the highest education category (postgraduate level) reported the highest values for both scores (mean rank = 484.86, 473.24). The Year 12 category indicated the lowest values (mean rank = 248.29, 296.30). Pairwise comparisons also demonstrated that both postgraduate and Year 12 categories significantly differed from most of the other categories.

The above analysis demonstrates that participants who held a postgraduate degree had the highest levels of PIC-U and PIC-A scores, which means they were confident about their knowledge of various insurance types and confident that they held adequate levels of personal insurance policies.

Employment: PIC-U

In terms of employment, the high PIC-U scores (*aggregating High and Very High scores*) were for casuals at 90%; however, there were only 12 participants in this band,

EXHIBIT 9

Kruskall Walis Test Analysis for the Relationship between Employment Status and PIC-U and PIC-A Scores

Employment	Frequency	PIC-U			PIC-A		
		Mean Value	Mean Rank	Significance	Mean Value	Mean Rank	Significance
Full time	341	38.39	412.17	KW test =	17.01	435.81	KW test =
Part time	189	34.78	349.28	66.512***	12.60	331.20	49.257***
Casual	12	46.83	583.00	(df = 7)	14.92	387.96	(df = 7)
Self Employed	90	42.14	485.15		19.31	500.63	
Homemaker	33	34.48	340.00		14.85	386.29	
Unemployed	26	32.77	361.33		12.96	338.92	
Retired	95	41.61	492.67		15.94	417.84	
Student	26	25.12	193.75		10.46	289.52	

[Significant comparisons – PIC-U]
Student vs Full time***
Student vs Self-employed***
Student vs Retired***
Student vs Casual***
Homemaker vs Retired*
Part time vs Self-employed***
Part time vs Retired***
Part time vs Casual*
[Significant comparisons – PIC-A]
Student vs Self-employed*
Part time vs Self-employed***
Part time vs Full time***

NOTES: This exhibit contains information about the relationship between occupation and PIC-U and PIC-A scores. The highest PIC-U score was evident for casual employees and retirees. The highest PIC-A score was evident for self-employed participants.
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

and it may be un-representative (Exhibit 4). Ignoring casuals, the next highest PIC-U was for retirees (70.6%), followed by self-employed (60%), unemployed (50%), and full-time employees (45.7%). Students had the lowest PIC-U (11.5%).

Employment: PIC-A

In terms of employment, the highest PIC-A scores (High category) were for the self-employed (56.7%), followed by retirees (46.3%) and full-time employees (41.9%): Exhibit 8. Those with the lowest PIC-A scores were students (23.1%), part-time employees (26.5%), and the un-employed (26.9%).

Employment: Statistical

A Kruskall Walis test was carried out to analyze the relationship between occupation and PIC-U and PIC-A: Exhibit 9.

Occupation demonstrated a significant association with PIC-U score (KW test value = 66.512, $p < 0.001$) and PIC-A score (KW test value = 49.257, $p < 0.001$). Casual occupation sector demonstrated the highest level of mean PIC-U score (46.83), while self-employed sector reported the highest level of mean PIC-A score (19.31). Students demonstrated the lowest level of mean PIC-U score (25.12) and the lowest level of mean PIC-A score (10.46). Pairwise comparisons were performed to elicit individual differences between each category. It was shown that there were significant

differences between student vs. full-time (p < 0.001), student vs. self-employed (p < 0.001), student vs. retired (p < 0.001), student vs. casual (p < 0.001), homemaker vs. retired (p = 0.044), part-time vs. self-employed (p < 0.01), part-time vs. retired (p < 0.01), and part-time vs. casual (p = 0.028) for PIC-U scores.

For PIC-A scores significant differences were noted between student vs. self-employed (p = 0.002), part-time vs. self-employed (p < 0.01), and part-time vs. full-time (p < 0.01). Those who worked casually reported the highest PIC-U score (mean score = 583.00), while students reported the lowest score (mean rank = 193.75). For PIC-A, the highest score belonged to self-employed participants (mean score = 500.63), and the lowest score was reported once again for students (mean score = 289.52). Pairwise comparisons had also shown students significantly lower for most of the other categories.

In summary, it could be suggested that the occupation type is an important factor when examining personal insurance confidence, both for understanding and adequacy. It was found that participants who had the highest levels of confidence about having a thorough knowledge of various personal insurance types were casual employees, retirees and self-employed (but note the representative concerns for casuals). The highest PIC-A scores were evident for self-employed participants, retirees, and full-time employees. The lowest levels of PIC-U and PIC-A were reported for students.

Financial Services: PIC-U

Exhibit 8 demonstrates the highest PIC-U score for participants (*aggregating High and Very High scores*) who worked in the financial services industry (81.2%), compared to those who did not (42.8%). Not surprisingly, people who worked in the financial industry had higher levels of confidence about their understanding of personal and general insurances.

Financial Services: PIC-A

Exhibit 9 demonstrates that participants who worked in the financial services industry strongly believed that they had adequate personal insurance covers (51.5%), compared to those who did not (37.4%).

Financial Services: Statistical

More analyses were carried out to analyse the relationship between "working in the financial services industry" and PIC-U and PIC-A: Exhibit 10. In comparison with those who have not worked in the financial services industry, those who worked reported a higher level of PIC-U (4.76 vs 2.99) and the difference was statistically significant (MW U test value = 16874.500, p < 0.001). Similarly, those who worked in the financial services industry also reported a higher level of PIC-A score (18.48 vs 15.24) and the difference was statistically significant (MW U test value = 28534.500, p = 0.001).

Overall, the findings indicate that people who work in the financial services industry have higher levels of PIC-U and PIC-A. This is not surprising, as those participants would have more knowledge about personal insurance products and understand the importance of an adequate coverage. Accordingly, when analyzing the results of this survey it may be important to separate those with work experience in the financial services industry from the rest of the sample as they could have higher levels of understanding compared to the rest of the population.

EXHIBIT 10

Mann Whitney Test Analysis for the Relationship between Worked/Did Not Work in the Financial Service Industry and PIC-U and PIC-A Scores

Worked/ Did Not Work	Frequency	PIC-U			PIC-A		
		Mean Value	Mean Rank	Significance	Mean Value	Mean Rank	Significance
Did not work	712	36.48	2.99	MW U test value =	15.24	383.24	MW U test value =
Worked	101	46.38	4.76	16874.5***	18.48	570.23	28534.5***

NOTES: This exhibit contains information about the relationship between working in the financial services industry and PIC-U and PIC-A scores. It is evident from the exhibit that participants who worked in the financial services industry had higher levels of PIC-U and PIC-A compared to those who did not. $* p < 0.05$, $** p < 0.01$, $*** p < 0.001$.

Income: PIC-U

Exhibit 8 demonstrates that the highest PIC-U score (*aggregating High and Very High scores*) was evident for participants whose yearly income was $180,000 and above (68.6%), followed by the next highest income bracket $130,000 (57.6%). The lowest PIC score belonged to participants with the income of $0–$18,200 ($9,100) per year (33.7%). This could mean that people with higher levels of income were more confident about their understanding of insurance.

Income: PIC-A

Exhibit 9 compares the overall PIC-A score for various income groups. It is demonstrated that 80% of participants who earned $180,000 and above thought they had adequate personal insurance coverage. Those on the lowest two income brackets had the lowest confidence about their adequacy of their personal insurance: $18,201–$37,000 ($27,600) (23.4%) and $0–$18,200 ($9,100) (26.5%).

Income: Statistical

A Kruskall Walis test analyzed the relationship between income groups and PIC-U and PIC-A scores: Exhibit 11. Income groups demonstrated a significant association with PIC-U score (KW test value = 54.180, $p < 0.001$) and PIC-A score (KW test value = 98.026, $p < 0.001$). The $180,000 income group demonstrated both the highest level of mean PIC-U score (44.42) and the highest level of mean PIC-A score (23.06). The $0–$18,200 ($9,100) income group reported the lowest level of mean PIC-U score (31.87) and the $18,201–$37,000 ($27,600) income group demonstrated the lowest level of mean PIC-A score (11.40). Pairwise comparisons were performed to elicit individual differences between each category. For example, it was seen that there are significant differences between the $9,100 and all other income groups for PIC-U scores. For PIC-A scores some significant differences were noted between the low-income levels and those with higher income. Both PIC-U and PIC-A are positively correlated with the level of income, as the highest income category ($180,000) reported the highest values for both scores (mean rank = 536.61, 610.36). The income of participants appears to be a statistically significant factor affecting confidence levels. Participants earning $180,000 and above had higher levels of PIC score, both for understanding and adequacy.

EXHIBIT 11
Kruskall Walis Test Analysis for the Relationship between Income Levels and PIC-U and PIC-A Scores

Income Level	Frequency	PIC-U			PIC-A		
		Mean Value	Mean Rank	Significance	Mean Value	Mean Rank	Significance
$9,100	98	31.87	305.98	KW test =	12.82	332.57	KW test =
$27,600	145	35.71	368.23	54.180***	11.40	307.47	98.026***
$58,500	305	37.02	387.66	(df = 4)	15.06	385.37	(df = 4)
$130,000	226	41.91	474.27		19.41	493.15	
$180,000	35	44.42	536.61		23.06	610.36	

[Significant comparisons – PIC-U]
$9,100 vs $58,500*
$9,100 vs $130,000***
$9,100 vs $180,000***
$27,600 vs $130,000***
$27,600 vs $180,000***
$58,500 vs $130,000***
$58,500 vs $180,000
[Significant comparisons – PIC-A]
$9,100 vs $130,000***
$9,100 vs $180,000***
$27,600 vs $58,500**
$27,600 vs $130,000***
$27,600 vs $180,000***
$58,500 vs $130,000***
$58,500 vs $180,000***
$130,000 vs $180,000*

NOTES: This exhibit contains information about the relationship between income groups and PIC-U and PIC-A scores. It is evident that participants earning $180,000 and above had higher levels of PIC-U and PIC-A scores. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

CONCLUSION

Overall Observations

In terms of understanding, there is clearly more confidence in participants' understanding of general insurance products (such as home and motor vehicle) compared to the four personal insurance products researched. This greater understanding may be related to the fact that more participants held general insurance and had previously made claims under their policies, with such interaction improving their understanding and their confidence about the products. The confidence of participants in terms of the adequacy of their personal insurance coverage was on the whole low, with the highest for life insurance, with only 39.7% in terms of the agree statements. This would tend to suggest that there could be under-insurance when it comes to personal insurance.

It appears that some demographic groups can have a significant relationship with PIC-U and PIC-A. A higher PIC-U is likely to be associated with those in higher age groups (35 years and above), with higher education (postgraduate), retirees and the self-employed, and those who have experience in the financial services industry and/or higher income levels.

A higher confidence of the adequacy of personal insurance is likely to be associated with males, those in higher age brackets, with higher education, self-employed, retirees, full-time employees, and with experience in the financial services industry and/or higher income levels.

A lower confidence in understanding about personal insurance is likely to be associated with younger people (18–24, and 25–34 years), students, those without tertiary education (Year 10 and Year 12), and/or on lower income. In terms of adequacy of personal insurance, the lower confidence is likely to be held by females, younger people (18–24, and 25–34 years), students, and those without tertiary education (Year 10 and Year 12) and/or in lower income levels.

It is important that consideration is given to how those with lower confidence in their understanding about personal insurance could be assisted in improving their understanding. Also, it appears that income level could be associated with confidence in having adequate personal insurance coverage, and therefore strategies about how this may be addressed for lower incomes should be considered.

Limitations of Research and Future Research

A number of limitations that were evident in this research should be acknowledged. First, general insurance was not explicitly examined. Although, for comparison purposes, questions on general insurance were asked in the survey, there was no detailed discussion about it in the analysis section. It was more important to address the low understanding in relation to personal insurance.

A second limitation was that participants in one category were overrepresented from one place of work. This would include casual employees, who were asked to participate in the survey by the researcher from her place of study and work. Most casual employees were teachers from Griffith University working in the Accounting, Finance and Economics (AFE) department. It is fair to assume that those people would have more knowledge about personal insurance compared to the general public. However, the overall number of casual employees was only 12, therefore it was decided that the results derived from this group were not entirely useful to draw conclusions.

Future research could consider whether or not people are in fact overconfident in terms of their insurance coverage, and how this compares to their literacy/understanding of the different types of insurance. Possible future research could include conducting a more detailed study about the variables and personal characteristics, including confidence levels, and examining whether there is a link to an increased personal insurance uptake.

Conclusion

Personal insurance is one aspect of people providing for their financial wellbeing. However, our understanding of people's confidence in terms of their understanding and adequacy of personal insurance, as well as how it may relate to different demographic characteristics is limited.

It is vital that people are fully aware of the actual level of personal insurance they hold and understand its importance as a protection tool. If individuals in reality are underinsured, but mistakenly think that they have an adequate coverage, they may find themselves in a financially disadvantaged position should unfortunate events take place.

This article reported the findings of a large-scale survey of Australians and found that higher personal insurance confidence in terms of understanding is likely to be held by those who are older, highly educated, retired or self-employed, and/or at higher income levels. In terms of personal insurance adequacy, higher confidence is likely to be held by males, those who are older or highly educated, retired or self-employed, and/or at higher income levels. With this we can have a fuller understanding of personal insurance that can be used by Australians to manage their risk.

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