# PERCEPTIONS OF RISK ON CONSUMER AVAILABILITY TO PURCHASE SHARIA INSURANCE PRODUCTS AS A FORM OF SHARING OF RISK ACTIONS

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| Article Info | Abstract |
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| | *The purpose of this study is to investigate the effect of risk perception on consumer willingness to buy sharia insurance in Wonogiri Regency. The population of this study were Muslim residents living in Wonogiri district and knowing the system and principles of sharia insurance. The samples collected in this study were 100 respondents. The sample selection technique used purposive sampling. The sample was determined based on certain criteria. SmartPLS 3.0 was used in this research as an analytical tool. The results of this study indicate that (1) The probability of a disaster does not affect the willingness to buy sharia insurance. (2) The probability of a disaster has a significant positive effect on individual fear. (3) Individual fear has a significant positive effect on willingness to buy sharia insurance. (4) Individual fear mediates between the probability of a disaster occurring on the willingness to buy sharia insurance. (5) Experience has a significant positive effect on the willingness to buy sharia insurance. (6) Experience has no effect on individual fear. (7) Individual fear is not able to mediate between experience and willingness to buy sharia insurance.* |
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## INTRODUCTION

The National Disaster Management Agency (BNPB) stated that from January 1, 2020 to June 29, 2020, there were 1,549 natural disasters in Indonesia. This data is also supported by data from the Indonesian police released by the Ministry of Communication and Information that on average 3 individuals die within an hour due to road accidents. This danger will certainly hamper economic and social development in Indonesia in a sustainable manner. In 2019 the total loss experienced by Indonesia due to natural disasters reached 80 trillion Rupiah. The insurance industry has a significant contribution to overcome the problem of danger. This is evidenced by data from the Financial Services Authority (OJK) which notes that insurance premiums in

Indonesia grew 16.69% in January 2020 (https://www.ojk.go.id/id/Default.aspx).

This growth refers that the insurance industry is considered more effective than post-disaster recovery, both natural disasters and disasters experienced by individuals Yang et al., (2020). This effectiveness is demonstrated by providing compensation to victims as well as performing rapid productivity recovery in order to reduce potential long-term losses. The sharia insurance industry is one of the growing forms of insurance in Indonesia. The growth of this industry is supported by regulations that guarantee legal certainty for sharia insurance activities (Tho'in & Anik, 2015). In essence, sharia insurance in its management to cope with risk is based on the principle of "sharing of risk" which the existing risk is shared or charged to the insurance participants themselves. Sharia insurance according to the Indonesian Ulama Council (MUI) and the National Sharia Council (DSN) is an effort to protect and help each other between a number or several individuals through investment in the form of assets and/or *tabarru'* which can provide a pattern of returns to deal with or overcome certain risks through sharia contracts (Ramadhani, 2015).

In practice, the growth of sharia insurance in Indonesia is still found to face many obstacles. This is proven by the lack of willingness to buy sharia insurance which is partly due to a lack of knowledge and understanding of risk (Poan et al., 2021). This causes the importance of researching risk perceptions on willingness to buy sharia insurance. Risk perception is a subjective feeling that an individual has, meaning that each individual has a different risk perception (Raza et al., 2020). This is based on prospect theory or better known as prospect theory explaining how individuals make decisions in uncertainty conditions (Surti et al., 2020). In this study, three factors are taken in the perception of risk, encompassing the presence of experience, the magnitude of the opportunity for danger to occur in the individual's environment, and individual fear. Due to the complexity and multidimensionality of risk perception, it is important to understand how each dimension of risk perception affects the decision to purchase Islamic insurance.

Wonogiri is a district that has a large potential risk of danger. The Chief Executive of the Wonogiri Regency Regional Disaster Management Agency (BPBD), Bambang Haryanto, in an interview with Solopos, says that all areas in Wonogiri Regency have the opportunity for natural disasters to occur, including fires, landslides and hurricanes. Not only natural disasters, this regency also has considerable potential for other disasters, traffic accidents where in 2018 based on data from the Wonogiri Police Traffic Unit there have been 639 traffic accidents (https://jatengprov.go.id/beritadaerah/mitigasi-bencana-ala-bpbd-wonogiri).

The purpose of the study is to analyze the effect of perceptions of risk on consumer willingness to buy sharia insurance as a form of sharing of risk. As presented in previous research,

the perception of risk affects consumers' willingness to use insurance (Cenora & Hermawan, 2022; Taroreh et al., 2015). This study also examines whether individual fear is able to mediate the role of experience and opportunities for disasters with consumer willingness to choose sharia insurance products.

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Sharia Insurance

The development of sharia insurance in Indonesia is quite encouraging in enlivening the domestic insurance business. This is triggered by the factor of a large sharia insurance market share and a transparent sharia insurance system so as to create convenience for consumers. Sharia insurance uses a fair, transparent system and avoids gambling elements (Tho'in & Anik, 2015). In essence, insurance is a method or way to maintain or protect in tackling or avoiding the risks (threats) of various hazards in carrying out their lives and in carrying out their economic activities. The principle or concept of sharia insurance itself is sharing of risk, which is mutual risk based on behavior to help in goodness manifested by the way each individual spends *tabarru'* funds to bear the risk (Mukhsinun & Fursotun, 2018).

Sharia insurance principles Mukhsinun & Fursotun, (2018) and Parsaulian, (2018) used as guidelines in creating welfare for customers, are as follows: A sense of mutual responsibility, responsibility in the teachings of every Muslim is an obligation. Responsibilities are in the form of mutual help, mutual increase of togetherness among Muslims, mutual love and affection. Mutual help and cooperation, cooperation means to bear the risk or mutual benefit. Islam teaches humans the importance of cooperating among citizens in many ways. Protecting each other, in this case it can be started from simple things; strong people protect the weak, rich people protect the poor, and the government protects the welfare and security of its people.

### Perceptions of Risk

The topic of risk perception has been the subject of research conducted in various countries for a long time, this research generally uses a psychological or psychometric approach. Slovic in Yang et al., (2020) states that risk perception is an intuitive assessment and subjective feeling of an individual or group of risk having limited and uncertain background information. Frewer in Yang et al., (2020) shows that risk perceptun is a response to people's attitudes and behavior towards various risks. Other researchers Kinateder et al., (2015) suggest that risk perception is a process describing the subjective evaluation and assessment of unwanted events occurring immediately.

Risk perception is seen as a number of psychological processes involving emotional

(unconscious) changes and cognitive (conscious) evaluations that occur when an individual experiences an external risk event. Slovic in Yang et al., (2020) also argues that individuals assess risk based on subjective feelings which include uncertainty, lethal potential, novelty, and scientific literacy, until in the end the risk perception is divided into two parts encompassing unknown and dread. The first dimension is closely related to scientific knowledge (including the causes of disasters, the impact of disasters, etc.), while the second dimension is closely related to a series of negative emotions (including worry, fear, etc.).

Insurance is a tool used to reduce risk by combining several risk units, so the losses experienced by individuals collectively can be predicted. This is supported by Slovic's 1987 theory in Yang et al., (2020) which divides risk perception into two dimensions; unknown and dread. The unknown dimension is closely related to scientific knowledge (including the causes of disasters, the impact of disasters, etc.), while the second dimension, dread, is closely related to a series of negative emotions (including worry, fear, etc.). In this study, three variables are used in risk perception, the first is the experience of the individual regarding the occurrence of a disaster or hazard, the second is the opportunity for a disaster to occur owned by the individual where this variable contains individual thoughts about a disaster or danger that will befall him and his environment, then the third is the individual fear variable describing about the individual's level of fear of danger. These variables will measure the individual's perception of hazard risk and sharia insurance as well as an indicator of the consumer's willingness to buy sharia insurance.

**Development of Hypothesis**

*The risk of loss affects the individual's fear and willingness to buy sharia insurance*

The risk of an unknown hazard is noted as a clue for estimating the likelihood of a hazard occurring. Xu et al., (2018) mentions that individual ignorance of hazard risk can lead to an overestimation of the probability of high disaster. If individuals see that the probability of a disaster is high, it will lead to high interest in insurance, Kinateder et al., (2015). In a study conducted by Xu et al., (2018) it indicates that an overestimation of the probability of a disaster occurring can also lead to a perception of fear. This is in accordance with human instincts that are afraid of unknown events Yang et al., (2020). Research conducted in this journal states that the more likely a person feels that danger will occur, the greater the level of fear. Therefore, the researcher proposes the following hypothesis:

H1: The probability of a disaster has a positive effect on the willingness to buy sharia insurance.

H2: The probability of a disaster occurring has a positive effect on individual fear.

H3: Individual fear has a positive effect on willingness to buy sharia insurance

H4: Individual fear mediates the effect of the probability of a disaster on willingness to buy Islamic

insurance.

### *Loss avoidance affects willingness to buy sharia insurance*

An asymmetry in people's risk preferences is found under prospect theory. Based on a study conducted by Yang et al., (2020) that individuals base their judgments on experience, which reveal the more often the individual experiences it, the more severe the loss experienced by the individual, the easier it is for individuals to make decisions when remembering the experience. When people make decisions, they are very sensitive to changes in losses compared to the equivalent amount of changes in profits. Usually, individuals who do not experience any danger or can be concluded in a harmless situation, they prefer ttheir possessions over promises of what they will gain in the future. For them, insurance is a form of return, and they are more willing to buy insurance. Those experienced danger have a great potential for fear. The result of fear is that people tend to turn to insurance to ensure the safety of property. The results of research conducted by Yang et al., (2020) show data that experience affects the willingness to buy hazard insurance. Thus, the researcher proposes the following hypothesis:

H5:  The experience of dealing with disasters has a positive effect on the willingness to buy sharia insurance.

H6:  The experience of dealing with disasters has a positive effect on individual fear of disasters

H7:  Individual fear of disasters mediates the effect of experience dealing with disasters on willingness to buy Islamic insurance.

Figure 1 Theoretical Framework
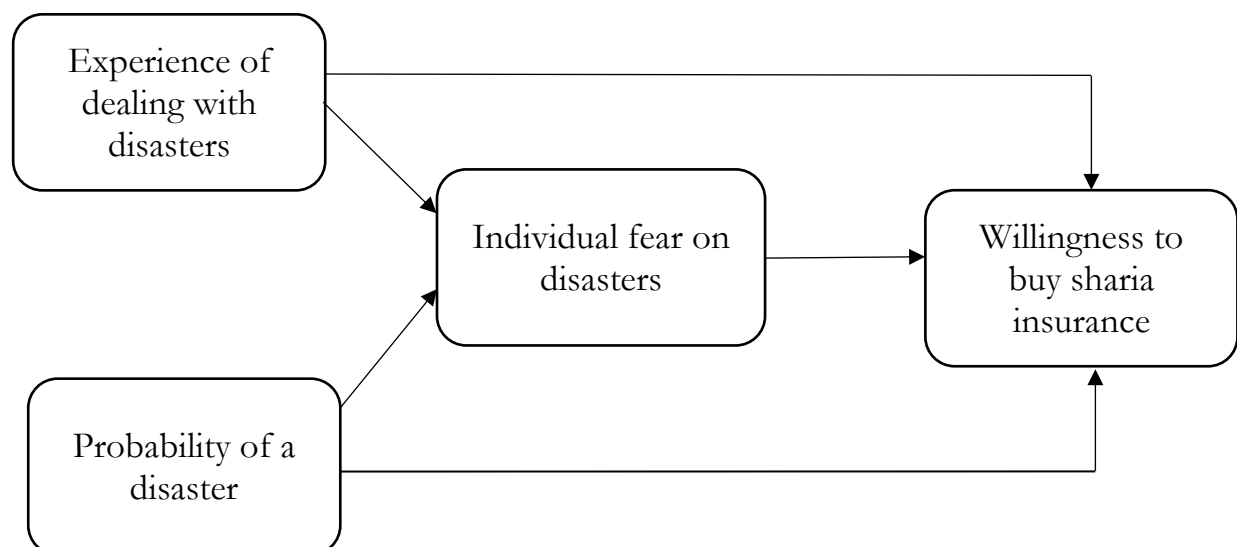


## RESEARCH METHODOLOGY

### Population and Sample

The population in this study was the people living in Wonogiri Regency with a minimum

sample of 100 people calculated according to Malhotra (2006: 291) which the number of samples should be at least four to five times larger than the number of questions. Determination of the sample in this study used the purposive sampling method to determine the research sample with certain considerations or criteria (Sugiyono, 2017). The sample criteria in this study include:

a) Living in Wonogiri Regency.

b) Moslem.

c) Recognizing the sharia insurance system and principles.

**Definition of Operational Variable**

The probability of a disaster occurring in Yang et al., (2020) and Kinateder et al., (2015) is measured by the probability of a natural disaster occurring in the next 10 years, the individual's high Probability of experiencing danger, visible signs of natural disaster danger, the occurrence of losses. Experience, according to Yang et al., (2020) and Kinateder et al., (2015), is measured by the intensity of experiencing danger and hearing danger news. Individual willingness to buy sharia insurance, according to (Xu et al., (2018) and Yang et al., (2020), is measured from understanding of sharia insurance, the advantages of using or buying sharia insurance, individual beliefs, willingness to use or buy sharia insurance. The individual fear, according to (Xu et al., 2018 and Yang et al., 2020) is measured by thinking that affects fear and worry about the impact of danger.

**Data Analysis**

This study focuses on the interaction between the dimensions of risk perception and purchase willingness. Structural equation model (SEM) is a second-generation multivariate data analysis method that is often used in estimating complex causal relationships between variables. Furthermore, PLS is appropriate if it is used to conduct exploratory research, where there is an ambiguous relationship between variables (Ghozali & Hengky Latan, 2014).

**RESEARCH RESULTS**
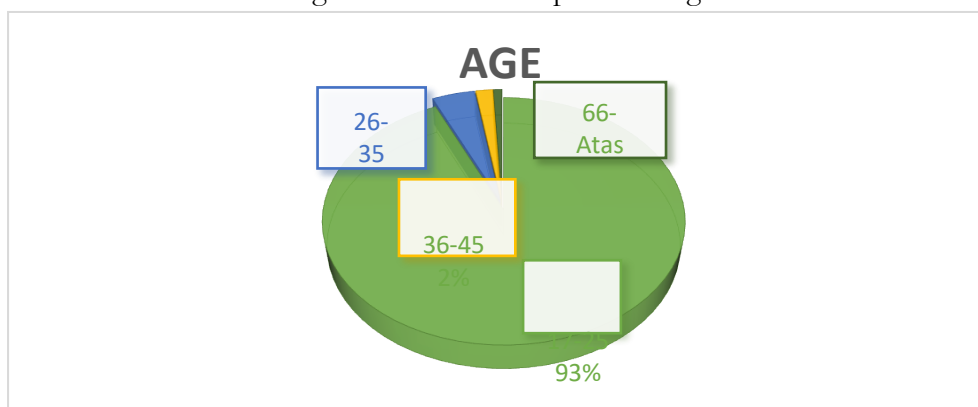
Figure 2 Chart of Respondent Age

Figure 2 explains that 100 respondents in this study are dominated by respondents of 17-25 years as many as 93% or 93 respondents, followed by respondents of 26-35 as many as 4% or 4 respondents. This research is also supported by 36-45 years respomdents consisting of 2% or 2 respondents, and 1% or 1 respondent of 66 years and over.

Figure 3 Chart of Respondents' Academic Background



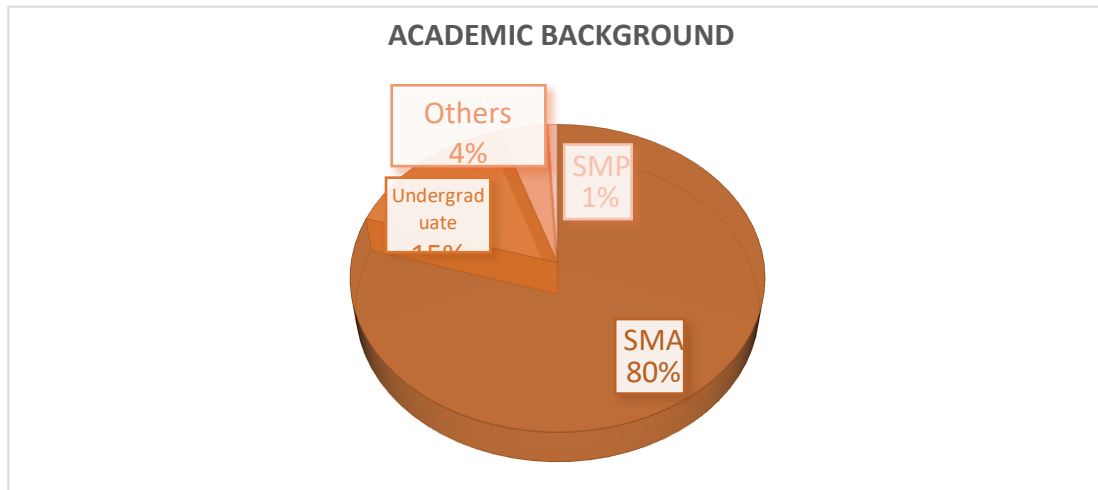Figure 3 shows that the respondents in the study consist of respondents with a academic background of Junior High School (SMP) with 1 respondents or 1%, then respondents with High School (SMA) academic backgroud are 80 respondents, respondents with undergraduate academic background (S1) are 15 respondents and 4 respondents gave responses to other levels of academic background.

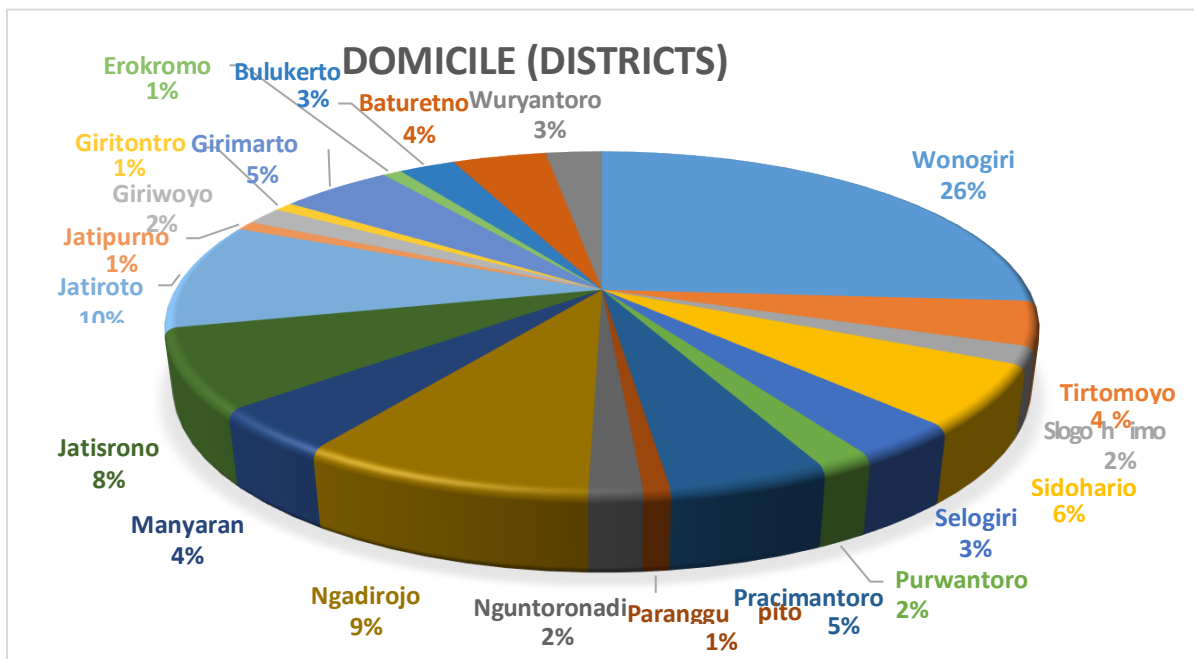Figure 4 Chat of Respondents' Domicile

Figure 4 depicts the distribution of respondents based on domicile or place of residence. Wonogiri district has the highest number of respondents in this study, which is 26% percent or consisting of 26 respondents.

**Analysis of Instrument Test**

Analysis of Outer Model (Measurement Model Evaluation)

***Test of Validity***

Validity test is a test to measure the validity of a questionnaire. According to (Hair et al., 1998) for the initial examination the loading factor matrix is approximately 0.3 which has been considered to meet the minimum level, for a loading factor of approximately 0.4 is considered better, and a loading factor greater than 0.5 in general considered significant. For a good Average Variance Extracted (AVE) value is more than 0.5. In this study, the limit of loading factor is 0.5. After processing the data using SmartPLS 3.0 the results of the loading factor and Average Variance Extracted are shown as in Tables 5 and 6:

Table 5. Value of Loading Factor

| Variable | Indicator | Outer Loading |
|---|---|---|
| ability of disaster | PLG1 | 0.841 |
| | PLG2 | 0.798 |
| | PLG3 | 0.696 |
| | PLG4 | 0.688 |
| Experience | PLM1 | 0.900 |
| | PLM2 | 0.947 |
| Willingness to Purchase Sharia Insurance | AS1 | 0.720 |
| | AS2 | 0.674 |
| | AS3 | 0.733 |
| | AS4 | 0.837 |
| Individual's Fear | KT1 | 0.845 |
| | KT2 | 0.866 |

Source: Processed primary data in 2022

Based on the results of data processing using SmartPLS presented in table 5, it shows that all loading factors have a value above 0.5, which means that all variable indicators are considered valid and meet convergent validity.

Table 6. Value of Average Variance Extracted

| Variable | Value of Average Variance Extracted |
|---|---|
| Probability of disaster | 0.576 |
| Experience | 0.854 |
| Willingness to Purchase Sharia Insurance | 0.552 |

| | | 0.732 |
|---|---|---|
| Individual's Fear | | 0.732 |

Source: Processed primary data in 2022

Based on the results in table 6, it shows that all AVE values are greater than 0.5. This indicates that the average variance extracted value has met the requirements and is considered to have a good convergent discriminant. Good discriminant validity is indicated by the value of cross loading to other constructs which must be lower than the value of loadings of the constructs and the value of the square root of AVE for each construct must be greater than the correlation between constructs. In this study the value of cross loading is shown in table 7:

Table 7. Value of Cross Loading

| | Willingness to Purchase Sharia Insurance | Individual's Fear | Probability of disaster | Experience dealing with disasters |
|---|---|---|---|---|
| AS1 | **0.720** | 0.335 | 0.416 | 0.557 |
| AS2 | **0.674** | 0.497 | 0.218 | 0.200 |
| AS3 | **0.733** | 0.478 | 0.262 | 0.247 |
| AS4 | **0.837** | 0.300 | 0.521 | 0.624 |
| KT1 | 0.431 | **0.845** | 0.241 | 0.115 |
| KT2 | 0.461 | **0.866** | 0.240 | 0.074 |
| PLG1 | 0.564 | 0.294 | **0.841** | 0.660 |
| PLG2 | 0.299 | 0.106 | **0.798** | 0.633 |
| PLG3 | 0.241 | 0.092 | **0.696** | 0.421 |
| PLG4 | 0.239 | 0.272 | **0.688** | 0.283 |
| PLM1 | 0.439 | 0.120 | 0.695 | **0.900** |
| PLM2 | 0.611 | 0.088 | 0.593 | **0.947** |

Source: Processed primary data in 2022

From the results of cross loading in Table 7, the model has better discriminant validity if the square root of the AVE for each construct is greater than the correlation between the two constructs in the model. A good AVE value is required to have a value greater than 0.50. In this study, the AVE value and the square root of AVE for each construct is shown in Table 8.

Table 8. Value of AVE and Square Root of AVE

| Variable | AVE | Square Root of AVE |
|---|---|---|
| Probability of disaster | 0.576 | 0.759 |
| Experience dealing with disaster | 0.854 | 0.924 |
| Willingness to Purchase Sharia Insurance | 0.552 | 0.743 |
| Individual's Fear on disaster | 0.732 | 0.856 |

Source: Processed primary data in 2022

Based on Table 8, all of the constructs reveal an AVE value greater than 0.50. This value has met the requirements in accordance with the specified minimum AVE value limit of 0.50.

After determining the value of the square root of the AVE for each construct, the next step is to compare the square root of the AVE with the correlation between the constructs in the model. In this study, the results of the correlation between constructs and the square root value of AVE is shown in table 9 below:

Table 9. Correlation value among constructs with the square root value of AVE

| Willingness to Purchase Sharia Insurance | | Individual's Fear | Probability of disaster | Experience dealing with disasters |
|---|---|---|---|---|
| Willingness to Purchase Sharia Insurance | **0.743** | | | |
| Individual's Fear on disaster | 0.522 | **0.856** | | |
| Probability of disaster | 0.497 | 0.281 | **0.759** | |
| Experience dealing with disaster | 0.581 | 0.110 | 0.686 | **0.924** |

Source: Processed primary data in 2022

Table 9 shows that the AVE square root value for each construct is greater than the correlation value, so the construct in this research model is still considered to have good discriminant validity.

***Test of Reliability***

The reliability test shows the level of consistency and stability of the measuring instrument or research instrument in measuring a concept or construct (Abdillah and Hartono, 2015). Reliability test in this study used the Cronbach Alpha value

Table 10. Value of Cronbach Alpha

| Variable | Value Cronbach Alpha |
|---|---|
| Probability of disaster | 0.773 |
| Experience dealing with disaster | 0.833 |
| Willingness to Purchase Sharia Insurance | 0.731 |
| Individual's Fear on disaster | 0.634 |

Source: Processed primary data in 2022

Based on table 10, it shows that all Cronbach alpha results have a value above 0.60 which means that the Cronbach alpha value has met the requirements, so all constructs concludes to be reliable.

**ANALYSIS OF INNER MODEL (STRUCTURAL MODEL EVALUATION)**

**Goodness of Fit Test**

Structural model evaluation was conducted to show the relationship between the manifest and

latent variables of the main predictor variables, mediators and outcomes in one complex model. The goodness of this model consists of two tests including R-Square (R2) and Q-Square (Q2).

Table 11. Value of R-Square

| Variable | R Square |
|---|---|
| Willingness to Purchase Sharia Insurance | 0.550 |
| Individual's Fear on disaster | 0.092 |

Source: Processed primary data in 2022

From table 11, it can be concluded that the individual fear variable has a weak model with an R2 value of 0.092 while the willingness to purchase Islamic insurance variable has a moderate or moderate model with a value of 0.550 where the value is above 0.50. The next test is the Q-Square test. The value of Q2 in testing the structural model is done by looking at the value of Q2 (Predictive relevance). The value of Q2 is used to measure how well the observed values produced by the model as well as the parameters. Value of $Q^2 > 0$ indicates that model has predictive relevance, while value of $Q^2 < 0$ indicates that model has low predictive relevance.

Q-Square     $= 1 - [ (1 - R1^2) \times (1 - R2^2) ]$

$= 1 - [(1 - 0.550) \times (1 - 0.092)]$

$= 1 - 0.408$

$= 0.592$

Based on the results of the above calculation, the Q-Square value is 0.592. This value explains the diversity of the research data can be explained by the research model of 59.2%, while the remaining 40.8% is explained by other factors that are outside this research model. Thus, the value of Q2 > 0 indicates that the model has predictive relevance.

**Hypothesis Testing**

The hypothesis testing of this research is shown in table 12 and table 13 to see the mediation effect.

**Table 12. Results of Path Coefisien**

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (\|O/STDEV\|) | P Values |
|---|---|---|---|---|---|
| Individual's Fear -> Willingness to Purchase Sharia Insurance | **0.462** | 0.453 | 0.083 | **5.558** | **0.000** |

| | | | | | |
|---|---|---|---|---|---|
| Probabilitys of Disaster -> Willingness to Purchase Sharia Insurance | **0.007** | 0.030 | 0.100 | 0.067 | 0.947 |
| Probabilitys of Disaster -> Individual's Fear | **0.389** | 0.404 | 0.174 | **2.232** | **0.026** |
| Experience -> Individual's Fear | -0.157 | -0.154 | 0.172 | 0.913 | 0.361 |
| Experience -> Willingness to Purchase Sharia Insurance | **0.525** | 0.517 | 0.106 | **4.951** | **0.000** |
| Experience -> | -0.157 | -0.154 | 0.172 | 0.913 | 0.361 |

Source: Processed primary data in 2022

Table 13. Results of Specific Indirect Effect

| | Original Sample (O) | Sample Mean (M) | Standard Deviatio n (STDEV) | T Statistics (|O/STD EV|) | P Values |
|---|---|---|---|---|---|
| Probabilitys of Disaster -> Individual's Fear -> Willingness to Purchase Sharia Insurance | 0.180 | 0.182 | 0.088 | **2.049** | **0.041** |
| Experience -> Individual's Fear -> Willingness to Purchase Sharia Insurance | -0.073 | -0.068 | 0.080 | 0.916 | 0.360 |

Source: Processed primary data in 2022

The test results show that the t-statistic value is 0.067 with a p-value of 0.947. From this result, it indicates t-statistic<1.65 and p-value>0.10. So, it can be concluded that hypothesis one is rejected meaning that there is no significant effect between the probability of a disaster occurring on the willingness to purchase sharia insurance. The second hypothesis examines whether the probability of a disaster has a positive effect on individual's fear. The test results show that the t-statistic value is 2.232 and the original sample is positively charged with a p-value of 0.026. From these results, it indicates that the t-statistic is significant because t-statistic>1.65 and p-value<0.10. So, it can be concluded that the second hypothesis is accepted meaning that there is a significant positive effect between the variables of the probability of a disaster occurring on individual fears.

The third hypothesis examines if individual fear has a positive effect on willingness to buy Islamic insurance. The test results show that the t-statistic is 5.558 and the original sample is

positively charged with a p-value of 0.000. From these results, it reveals that the t-statistic is significant because t-statistic>1.65 and p-value<0.10. So, it can be concluded that the third hypothesis is accepted meaning that there is a significant positive effect between the individual fear variable on the willingness to buy sharia insurance.

The fourth hypothesis examines if individual's fear mediates the effect of the probability of a disaster on willingness to buy Islamic insurance. The test results on the path coefficient between individual fear and the possibility of a disaster and willingness to buy sharia insurance show that the specific indirect effect value on t-statistics is greater than t-table, it is 2.049> 1.65 and p value of 0.041, meaning p value < 0.10. It can be concluded that the fourth hypothesis is accepted meaning that there is a significant influence of individual fear mediating the probability of a disaster to the willingness to buy sharia insurance.

The fifth hypothesis tests if experience has a positive effect on willingness to buy Islamic insurance. The test results demonstrate that the t-statistic has a value of 4.951 and the original sample value is positively charged with a p-value of 0.000. From these results, it shows that the t-statistic is significant because t-statistic>1.65 and p-value<0.10. So, it can be concluded that the fifth hypothesis is accepted meaning that there is a significant positive effect between the experience variable on the willingness to buy sharia insurance.

The sixth hypothesis examines if experience has a positive effect on individual's fear. From the test results, it shows that the t-statistic has a value of 0.913 and with a p-value of 0.361. From these results, it obtains t-statistic <1.65 and p-value> 0.10. So it can be concluded that the sixth hypothesis is rejected meaning that there is no significant effect between experience on individual fear.

The seventh hypothesis examines if individual fear mediates the effect of experience on willingness to buy Islamic insurance. The test results on the path coefficient between individual fear and experience and willingness to buy sharia insurance show the value of specific indirect effect on t-statistics is smaller than t-table, namely 0.916 <1.65 and p value of 0.361, meaning p value> 0.10. It can be concluded that hypothesis seven is rejected referring that there is no significant effect of individual fear mediating experience on willingness to buy sharia insurance.

## DISCUSSION

The results show that the effect of the probability of a disaster on the willingness to buy sharia insurance. The probability construction of a disaster does not have a significant effect on the willingness to buy sharia insurance. This means that the first hypothesis which states that the probability of a disaster has a positive effect on the willingness to buy sharia insurance is rejected.

This result is contrary to the researcher's expectations where an individual who has high thoughts about the danger will tend to be easy to make a decision to buy sharia insurance.

The certainty effect in prospect theory states that individuals place more emphasis on events that are believed to occur and have risks. In this study, respondents have a perception that is contrary to the expectations of the researcher, they tend to think that danger is something that is uncertain as a result of which the willingness to buy sharia insurance is neglected. This study contradicts the previous research conducted by Slovic & Peters, (2006) whose research was able to prove that the certainty effect in prospect theory has a positive influence between the probability of a disaster occurring on the willingness to buy insurance.

The effect of the probability of a disaster occurring on individual's fears, the construct of the probability of a disaster has a significant positive effect on individual's fears. This means that the second hypothesis which states the probability of a disaster having a positive influence on individual's fear is accepted. This is in line with the researchers' expectations, if individuals have thoughts of a disaster or danger in the future it will cause a perception of fear in the individual. The higher the probability of a disaster thought of by the individual, the higher the individual's level of fear (Yang et al., 2020). This perception of fear arises due to feelings of fear when thinking about situations when a disaster or danger occurs and the impact or risk arising from a disaster or danger.

This study is in line with previous research conducted by Yang et al., (2020) showing that the probability of a disaster has a positive effect on individual's fear. The effect of individual fear on willingness to buy sharia insurance. The construct of individual fear has a significant positive effect on willingness to buy Islamic insurance. This means that the third hypothesis which states that individual fear has a positive effect on willingness to buy Islamic insurance is accepted. This result is in line with Syakir, (2004) with the researcher's expectation, if individuals have feelings of fear of the occurrence of danger, they will tend to easily make decisions to buy sharia insurance which is useful as a form of return from losses that may be faced.

Zhang & Qian, (2018) demonstrate that fear makes people exaggerate their risk assessment and significantly encourages risk reduction through insurance. To mention insurance as a tool used to reduce risk by combining several risk units so that the losses experienced by individuals collectively can be predicted. In this case, it means that the higher the individual's fear, the higher the individual's willingness to buy sharia insurance (Raza et al., 2020).

This research is in line with previous research conducted by Zaleskiewicz et al., (2002) which discusse the decision to insure themselves against the dangers of flooding, risk and decision policies are more likely to buy insurance than those who are less anxious about impending danger.

The influence of individual fear mediates the probability of a disaster on the willingness to buy sharia insurance. The construct of individual fear has a significant positive effect on the construct of the probability of a disaster and the willingness to buy sharia insurance. This means that the relationship between the ability to mediate individual fears between the probability of a disaster and the willingness to buy Islamic insurance has a significant positive effect. This indicates that individual fear is able to mediate the effect of the probability of a disaster on the willingness to buy sharia insurance. This finding is able to contribute that the effect of the chance of a disaster on the willingness to buy Islamic insurance is generated through the fear of the individual as a mediator. When the opportunity for a disaster to occur implemented through thoughts of a danger or disaster, creates fear, it will affect the willingness to buy sharia insurance. The results of this study are not in line with the research conducted by Yang et al., (2020) showing that the research does not refer to the ability of individual fear to mediate between the probability of disaster and willingness to buy insurance.

The effect of experience on willingness to buy sharia insurance. The experience construct has a significant positive effect on the willingness to buy sharia insurance. This means that the fifth hypothesis which states that experience has a positive effect on willingness to buy Islamic insurance is accepted. This result is in accordance with the researchers' expectations that if individuals have experienced losses resulting from the existence of dangers, they will be willing to buy sharia insurance as a form of return. Yang et al., (2020) in their research found that individuals who do not experience any danger or can be concluded in a harmless situation, they prefer their possessions rather than promises about what they will get in the future. As a result, they are less likely to buy insurance. On the other hand, those who have danger experienceds, especially if their property is badly damaged, consider the post-hazard situation as a point of reference. For them, insurance is a form of return, and they are more willing to buy insurance. The results of this study are in line with previous research conducted by Zaleskiewicz et al., (2002) proving that experience has a positive influence on willingness to buy insurance.

The effect of experience on individual's fear. The construct of experience does not have a significant effect on individual fear. This means that the sixth hypothesis which states that experience has a positive effect on individual fear is rejected. This result is contrary to the researcher's expectation that the individual's experience of danger will cause the individual's sense of fear. Individuals base their judgment on experience, where the more often the individual experiences it, the more severe the loss experienced by the individual, the higher the individual's level of fear will be. The factor that may be the cause of the ineffectiveness of the experience of individual fear is that although the individual has danger experiences, but this is not strong enough

to cause fear in the individual. The results of this study contradict the results of research conducted by Xu et al., (2018) and Yang et al., (2020) showing that experience can influence individual fear of disasters.

The effect of individual fear mediates experience on willingness to buy sharia insurance. The individual fear construct has a significant positive effect on the willingness to buy Islamic insurance construct and does not have a significant effect on experience. This means that the individual fear is not able to provide a mediating effect on the experience variable on the willingness to buy sharia insurance which the mediation effect is reejcted can be proven through the specific indirect effect results listed in table 13. In this study it is assumed that the position of individual fear can be influenced by his/her experience of danger and fear, those are factors that can affect the willingness to buy sharia insurance in this study. Based on the findings of this study, the respondents' answers to the individual fear variable had a low average. This shows that respondents do not agree with the statements offered or individual fears have no effect. The results of this study are in line with previous research conducted by Yang et al., (2020) indicates that individual fear has not been able to mediate between experience and willingness to buy sharia insurance.

**CONCLUSIONS**

Based on the research results on the analysis of the effect of risk perception on consumers' willingness to buy sharia insurance as a form of sharing of risk, the probability for a disaster to occur has no effect on the willingness to buy sharia insurance. In this study, respondents tend to think that danger is uncertain thing, as a result of which the willingness to buy sharia insurance is neglected. The probability of a disaster occurring has a significant positive effect on individual fear. When individuals have thoughts of a disaster or danger in the future, it will cause a perception of fear in the individual. Individual fear has a significant positive effect on willingness to buy Islamic insurance. This demonstrates that individuals have a feeling of fear of the occurrence of danger so that they tend to easily make decisions to buy sharia insurance which is useful as a form of return from losses that may be faced. Individual fear mediates the probability of a disaster to the willingness to buy Islamic insurance in a significant positive manner. This means that individual fear is able to mediate the effect of the probability of a disaster on the willingness to buy sharia insurance. Experience has a significant positive effect on the willingness to buy sharia insurance. This shows that when individuals have experienced losses resulting from the existence of danger, they will be willing to buy sharia insurance as a form of return. Experience has no effect on individual's fear.

In this study, a factor causing the ineffectiveness of experience on individual fear is that

although the individual has experienced danger but this is not strong enough to cause fear in the individual. Individual fear of not being able to mediate between experience and willingness to buy Islamic insurance. This shows that respondents do not agree with the statements offered or individual fears have no effect. Insurance agencies provide more counseling to the public so that the level of public awareness of the importance of insurance can be achieved in all age groups.

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