

The Effect of Premium Refuted Life Insurance on Individual Savings Habits: A Survey from Turkey

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Abstract: This study investigates the effect of premium -refunded life insurance on the savings habits and financial security perceptions of individuals in Turkey. This insurance product, which functions as a means of protection and savings, attracts attention with its features such as foreign currency index guarantees, tax advantages and death assurance. According to the results of an online survey carried out with 62 insurance holders throughout Türkiye, the product was found to be preferred by individuals between 25-54 years of age, high/medium-income and university graduates. 67.7 % of the participants reported that savings habits increased, 61.3 % have increased motivation, 82.3 % contributed to financial security and 93.5 % of them are satisfied. US Dollar collateral and tax advantages are among the main reasons for preference, while the limitation of low -income individuals in participation and challenging for some of the premium payments reveal access problems. The findings show that the insurance sector should develop more flexible and inclusive products.

Keywords: *Premium Refund Life Insurance, Savings Habits, Foreign Currencies Insurance, Financial Assurance, Türkiye Survey Study.*

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Introduction

Premium refundable life insurance is an important financial instrument aimed at providing financial assurance both throughout their lives and at the end of their lives. This type of insurance becomes a savings and investment option rather than a protection mechanism, such as the advantages of the premiums paid under certain conditions (for example, complete payment of premiums and repayment of the insurance time). In Turkey, economic fluctuations, inflationary pressures and the development of financial literacy are in the stage of development criticizing individuals' savings habits and attitudes towards such products. Today, increasing the awareness of financial literacy and savings is of great importance for economic stability as well as individual welfare.

The main purpose of this research is to examine the effect of premium -refunded life insurance on the savings habits of individuals in Turkey. In particular, it will be investigated how this insurance product shaped individuals' saving motivation, financial planning and long -term financial security perceptions. The study aims to understand the role of this product on individual financial behavior by focusing on the experiences of insurance holders in Turkey. Within the scope of our study, a survey was conducted for 62 participants selected from various demographic groups. This questionnaire was designed to evaluate the demographic characteristics of insurance holders, the duration of insurance ownership, the premium payment habits and the effect of insurance

on savings behaviors. The questionnaire was applied online via Google Forms and analyzed by basic statistical methods.

The research is looking for answers to the following basic questions: How does the premium -refundable life insurance change individuals' savings habits? How does the payment of insurance premiums effect on savings strategies? How does this product contribute to the perception of financial security? These questions are both important in terms of understanding the financial decision -making processes of individuals and evaluating how the insurance sector can respond to these dynamics.

In addition, hypotheses have been tested:

- H1: Premium refundable life insurance positively affects the savings habits of individuals.
- H2: High income level increases the impact of insurance on saving motivation.
- H3: Insurance holders consider the product as a tool that strengthens financial security perceptions.

Factors such as Turkey's economic structure, exchange rate volatility and inequality in income distribution stand out as the main elements that shape the potential and effect of such products. For example, the protection offered by foreign currency indexed guarantees may be an attractive feature for individuals in search of an assurance against inflation, while the accessibility of premium payments may vary between different income groups.

With this study, we aim to add new data to understanding the relationship between refundable life insurance and saving behaviors to academic literature in the context of Türkiye. Although the effect of this product on savings in the literature has been handled on a global scale, Turkey -specific studies are limited. For this reason, we aim to make a theoretical contribution and to develop strategies for practical practices for the insurance sector, individual financial planning. For example, recommendations such as the development of more inclusive products of the insurance sector may be among the potential outputs of this study. In addition, socio-economic dynamics, such as the development of insurance culture and the spread of financial literacy in Turkey, put the findings of this research on a wider perspective.

Literature Review

Premium Refunded Life Insurance and Features

Premium -refunded Life Insurance is a type of life insurance offered by guarantee that individuals pay the premiums paid by individuals under certain conditions (for example, complete payment of premiums and complete the insurance time). This product provides lifelong protection and combines the return of the premiums paid during the insurance period and the elements of savings and investment. In Turkey, it usually offers foreign currency indexes (mostly US dollar) guarantees, the potential to protect the purchasing power of accumulation against inflation (Polat & Akin, 2021). In addition, additional incentives, such as tax advantages, play an important role in individuals prefer this product.

In -Time Guarantees:

Death collateral: In case the insured dies, the amount of collateral shall be paid to the designated beneficiaries. Some policies also offer additional collaterals such as death, disability or dangerous diseases.

Tax Advantages: In accordance with Articles 63 and 89 of the Income Tax Law No. 193 in Turkey, tax reduction shall be provided on premium payments; The application means a tax advantage ranging from 15 % to 40 % of the premiums paid for wagers and self -employers.

Investment: Foreign currency -indexed policies allow the payment of premiums in the US dollar and to obtain exchange rate returns by presenting the guarantees in this currency. Some companies collect premiums as TL, but provide foreign exchange -based accumulation with inflation -indexed increases. (Viennalife, N.D.)

End Time Consumptions:

Premium Refund: At the end of the policy period, the premiums paid on condition of survival are refunded; In case of departure after the first year, repayment can be received with deductions. (Viennalife, N.D.)

Financial Assurance: Payment of collateral in case of death or disability, and the refund of premiums at the end of the period offers long -term security to individuals.

Additional Income Source: Returned premiums create a resource in which individuals can contribute to the retirement period or consider it as accumulation for other need expenditures.

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Insurance Products and Savings Behavior:

In the literature, the effect of insurance products on individual savings behaviors is handled in the context of security and future planning. (Kara & Sarıkaya, 2022, p. 224) In his study, life insurance increased the motivation of the savings of individuals, especially in retirement period. The premium -refundable life insurance may function as a mechanism that reinforces the regular savings habits of individuals with the expectation of repaying insurance premiums under certain conditions.

Motivation and Financial Planning:

Research on how insurance products shape the motivation of saving shows that these insurances are seen as part of future financial security. (Kara & Sarıkaya, 2022, p. 224) argues that insurance holders use insurance as an important tool in their financial planning strategies and this situation increases individuals' discipline for savings. In this context, premium -refunded life insurance can be perceived not only as a protection, but also as a savings and investment tool.

Türkiye's perspective:

Life insurance is a type of insurance that provides financial protection against individuals' life and death risks. These insurances can also be called "patience capital, because they offer a long -term investment and assurance mechanism. Polat & Akin, (2021) guaranteed both life and death, aims to protect the economic welfare of the insured person or his relatives.

Life insurance can also be used as a savings tool. Policy holders obtain the assurance provided by the insurance with the premiums they pay for a certain period of time and these premiums are considered as accumulation over time. This accumulation can be used at the end of the policy.

In developed and developing countries, the demand for life insurance increases in parallel with the increase in economic, security awareness and the spread of financial education. However, it is noteworthy that this demand remains at low levels in Turkey. Polat & Akin, (2021)

There may be a few reasons for this:

Financial Literacy: The level of financial literacy in Turkey may cause the importance of life insurance to be fully understood. The complexity of insurance products and the fact that long -term investment idea is not established sufficiently is also a factor.

Economic situation: low income levels or financial priorities (eg, short -term debts or emergency funds) to prevent long -term investments such as life insurance.

Cultural Factors: Social attitudes towards such financial products are not explicitly discussed issues such as insurance culture, death and life.

Critical Approaches:

There are also critical approaches that insurance products do not always affect saving motivation. Liebenberg, Carson and DUMM (2012) state that cumulative insurance products do not always affect the motivation of savings, on the contrary, in some cases may limit the financial flexibility of individuals.

Contribution of gap and work in the literature:

The literature has discussed the effect of premium -returned life insurance on savings behaviors on a global scale, but Turkey -specific studies have been limited. While the demand for insurance in developed countries increased with financial education and economic stability, these dynamics in Turkey have not yet been fully understood. For example, Kumar and Singh (2022) examined how micro-cigarette models in India change their savings habits among low-income groups; A similar approach has not been sufficiently investigated for Türkiye yet. This study aims to illuminate the effect of premium -refundable life insurance on the motivation and financial security perception of the insurance owners in Turkey. Thus, it aims to provide a new contribution to the academic literature from the perspective of Türkiye and to provide practical insights for the insurance sector and policy makers.

Methodology

Research Design:

This study was conducted with a cross -sectional research design. In order to examine the effect of premium -refundable life insurance on savings habits, an online survey was conducted with insurance owners in Turkey. Ethical Approval, St. It was taken from the Ethics Committee of Clements University.

Participants:

Participants were selected by layer sampling method from individuals with premium -refundable life insurance policy in Turkey. Diversity has been achieved considering demographic characteristics such as age, gender, income level and education.

Table 1: Demographic distribution of the participants

Category	Sub -group	Percentage (%)
Gender	Male	75,8
	Female	24,2
Age	25-34	30,6
	35-44	29,0
Education	University	46,8
Income (TL)	40.001+	64,5

Savings habits and motivation:

71 % of the participants stated that they made regular savings before insurance; 67.7 % stated that insurance increased the savings habits (H1 supported) and 61.3 % of them have increased their motivation. It reported that 82.3 % contributed to financial security perception (H3 supported) and 93.5 % of satisfaction. A positive relationship was found between income level and saving motivation ($R = .42$, $p < .05$; H2 supported).

Table 2: Savings and Safety Perception Findings

Question	Absolutely/some yes (%)	No/undecided (%)
Have savings habits increase?	67,7	32,3

Although the sample size is considered sufficient for statistical significance, the study is a pre -finding.

Data Collection Tools and Analysis Method:

The data were collected with a survey distributed through Google Forms. The questionnaire consisted of 17 questions; 5 of them contained demographic information, 12 of which measured savings and financial security perception (1 = I absolutely disagree, 5 = I absolutely agree) and open -ended questions. The validity of the questionnaire was confirmed by the expert opinion, the Cronbach Alfa test ($\alpha = .82$). Data collection, WhatsApp and one-to-one interviews were completed between 1-15 February 2025.

Data Analysis:

The data were analyzed using Google Sheets and Microsoft Excel. Percentages and averages are calculated; The relationship between income level and saving motivation has been tested by Pearson correlation analysis ($r = .42$, $p < .05$). Open -ended answers were evaluated with thematic analysis.

Findings

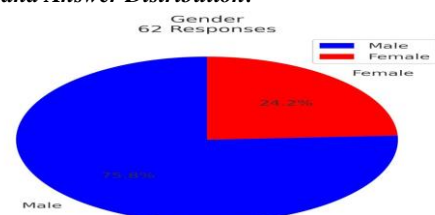
Demographic profile:

75.8 % of the participants were male and 24.2 % were female. In the age distribution, 25-34 (30.6%) and 35-44 (29%) age groups stand out, while university graduates (46.8%) at the level of education. In monthly income, 64.5 % are 40.001 TL and above and 32.3 % are between 20.001-40.000 TL. Survey Ankara, Istanbul, Samsun, Rize, Trabzon, Kayseri, Canakkale and Ordu, including 9 provinces.

Has the motivation rose?	98,4 (61,3 + 37,1)	1,6
Has it provided financial assurance?	82,3	17,7

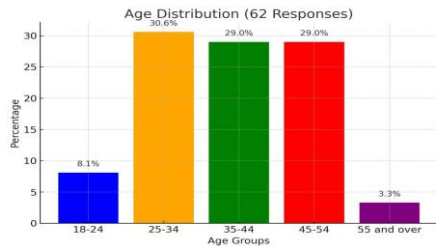
Survey Questions, Answer Distributions and Inferences:

1. Question and Answer Distribution:



75.8 % of the participants are male and 24.2 % are female.

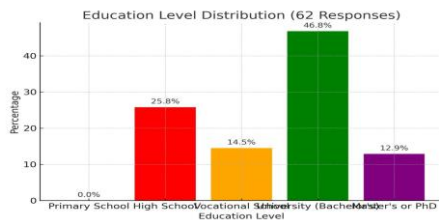
2. Question and Answer Distribution:



Inference:

It is seen that premium-refundable life insurance holders are mainly concentrated in the 25-54 age range. In particular, groups of 25-34 years (30.6%) and 35-44 years (29%) are approximately 59.6% of the total participants. This suggests that premium -refunded life insurance is preferred by younger and middle age groups and that these age groups are directed to this product for long -term financial planning or savings. The low representation rate of groups over 18-24 years of age and over 55 years of age may indicate that this product can be less popular among young adults and retirement individuals.

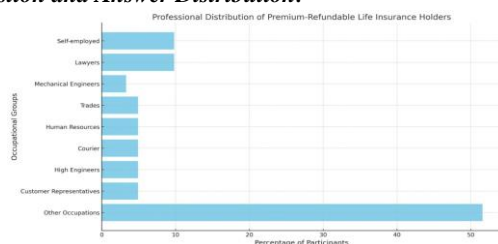
3. Question and Answer Distribution:



Inference:

The distribution of the education level of the participants shows that premium -refundable life insurance holders are mostly from university graduates (46.8%). This suggests that individuals with higher education levels may tend to choose such financial products and that the awareness of financial literacy or long -term planning may be related to education. While high school graduates (25.8%) and primary school graduates (14.5%) are less, those who have a master's or doctorate (12.9%) represent an important group.

4. Question and Answer Distribution:

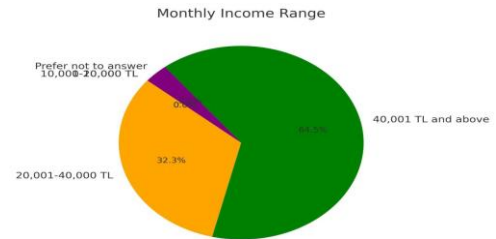


Inference:

The professional distribution of the participants shows that premium -refundable life insurance holders are quite diversified, but there is a more intense participation in certain occupational groups. Self -employed (9.8%) and lawyers (9.8%) stand out as groups with the highest participation rates, while mechanical engineers (3.3%), trades (4.9%), human resources (4%, 4%, 9) Professions such as courier (4.9%), high engineers (4.9%) and customer representatives (4.9%) are also represented. However,

other occupations, which make up approximately 51.6 % of the total participants, have been dispersed with low rates (1.6 %), which shows that the sample includes a wide range of occupations.

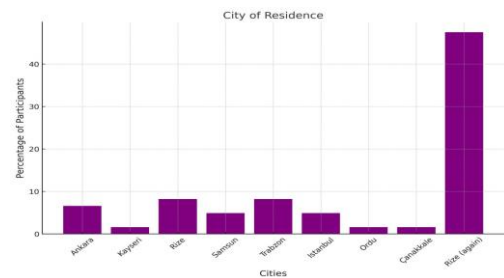
5. Question and Answer Distribution:



Inference:

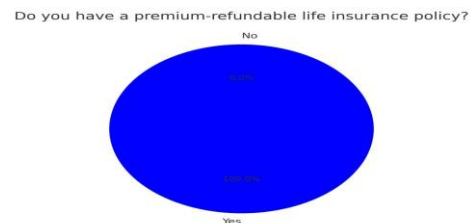
The monthly income distribution of the participants shows that premium-refundable life insurance holders are largely high and highly high income levels. 64.5 % of the participants are in the income range of TL 40.001 and above, and 32.3 % are between 20.001-40.000 TL. Low income group (0-10.000 TL) and medium-low income group (10.001-20.000 TL) were not represented in this sample, but only 3.2 % did not want to share income information.

6. Question and Answer Distribution:



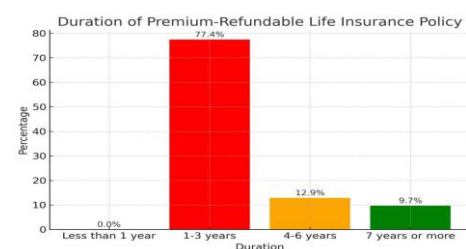
Survey Ankara. Participation in Istanbul, Samsun, Rize, Trabzon, Kayseri, Çanakkale and Ordu.

7. Question and Answer Distribution:



All of the participants stated that they had a premium -refundable life insurance policy.

8. Question and Answer Distribution:

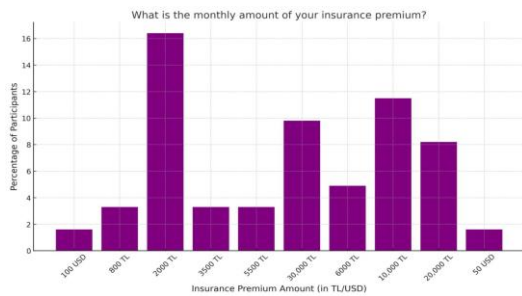


Inference:

While 77.4 % of the participants have a life insurance policy they pay for 1-3 years, 12.9 % have a policy they pay for 4-6 years.

Furthermore, 4.8 %of the participants stated that they have been paying a premium for 7 years and more than 4.8 %for less than 1 year.

9. Question and Answer Distribution:

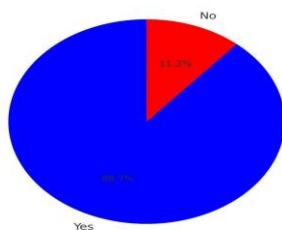


Inference:

The monthly premium amounts paid by the participants for premium -refundable life insurance are dispersed in a wide range and the most common amount stands out as 2,000 TL (16.4%) and 10,000 TL (11.5%). 16.4 %of the participants pay 2,000 TL, 11.5 %10,000 TL, 9.8 %of 3,500 TL and 8.2 %pay 20,000 TL.

10. Question and Answer Distribution:

Do you think the monthly premium you pay is sufficient?

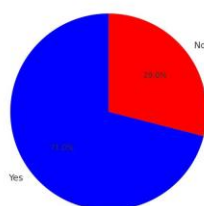


Inference:

While the majority of the participants found the monthly premium amount they paid (88.7 %) sufficient, only 11.3 %stated that they did not find this amount sufficient.

11. Question and Answer Distribution:

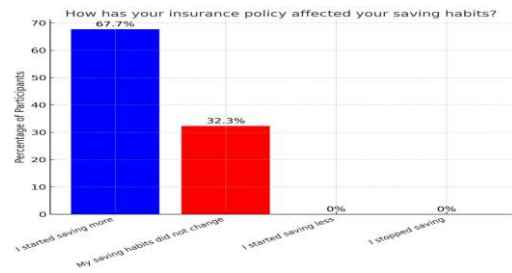
Were you regularly saving money before your premium-refundable life insurance policy?



Inference:

The vast majority of the participants stated that they made regular savings before having a premium -refundable life insurance policy, and only 29 %stated that they did not make regular savings. This finding shows that premium -refundable life insurance holders are generally individuals with savings awareness, and that this product is already targeting or attracted to people with savings. However, the fact that the 29 %segment has not saved before suggests that this product may be effective as a new tool to increase the motivation of saving.

12. Question and Answer Distribution:

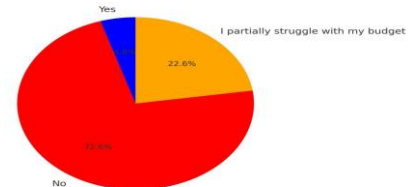


Inference:

The majority of the participants (67.7%) stated that premium -refundable life insurance policy positively affected their savings habits and started to make more savings. Only 32.3 %did not say that the insurance policy changed savings habits and stated that there was no change in their habits. The lack of selection of "I have started to save less" or "I stopped saving" shows that this product does not adversely affect the savings motivation.

13. Question and Answer Distribution:

Do you have difficulty paying your insurance premiums?

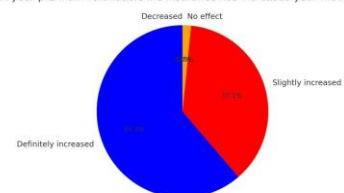


Inference:

The vast majority of the participants (72.6 %) stated that they had no difficulty in paying insurance premiums, and only 5.6 %stated that they had difficulty in premium payments. In addition, 22.6 %stated that premium payments partially pushed their budgets. This shows that premium -refundable life insurance holders can generally meet the premium amounts and that this product is economically accessible for most participants.

14. Question and Answer Distribution:

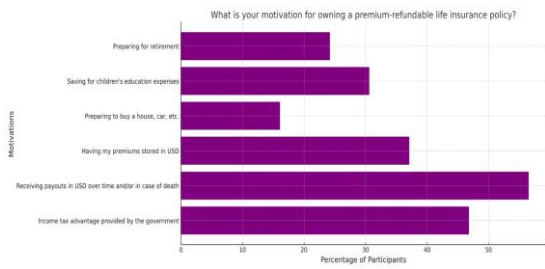
Do you think your premium-refundable life insurance has increased your motivation to save?



Inference:

An overwhelming majority of the participants (61.3 %) stated that premium -refundable life insurance certainly increased their motivation to save, and 37.1 %stated that it increased this motivation slightly. Only 1.6 %said that the insurance had no effect on saving motivations; The "Reduced" option has not been selected at all. This shows that premium -refundable life insurance greatly affects saving motivation.

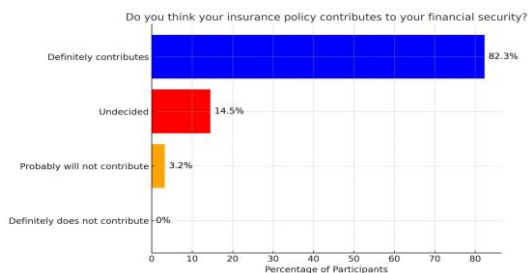
15. Question and Answer Distribution:



Inference:

The motivations of the participants in the ownership of premium -refundable life insurance include multiple factor and the highest motivation stands out as a collateral of death (35%) in the US dollar during the period. This follows the income tax advantage (29%) and the storage of the premiums paid as the US dollar (23%), while the accumulation for children's education costs (19%), preparation for retirement period (15%) and preparation for buying home/vehicles (10 %) Lower rates. This finding shows that premium -refundable life insurance is perceived as a product that offers both protection (death guarantee) and financial advantages (foreign exchange protection, tax advantage) in Turkey.

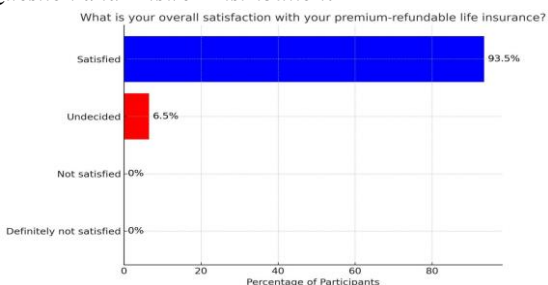
16. Question and Answer Distribution:



Inference:

An overwhelming majority of the participants (82.3%) consider that premium -refundable life insurance policy contributes to financial security. Only 14.5 %stated that it was unstable, and that a segment of 3.2 %would probably not contribute; The "absolutely not providing" option has not been selected at all. This shows that premium -refundable life insurance greatly strengthens the perception of financial security in Turkey.

17. Question and Answer Distribution:



Inference:

The majority of the participants (93.5 %) stated that they were generally satisfied with premium -refundable life insurance, and only 6.5 %stated that they were unstable. "I'm not satisfied" or the option to specify dissatisfaction in an open -ended way has never been selected. This shows that premium -refundable life insurance has a very high success in customer satisfaction in Turkey.

Results and Recommendations

This study has revealed in detail the effect of premium -refunded life insurance on the savings habits, financial planning and security perceptions of individuals in Turkey. The results of the questionnaire have shown that this insurance product is particularly popular between young and middle age groups (25-54 years), high and high-income individuals and university graduates. 67.7 %of the participants stated that insurance increased the savings habits, 61.3 %increased the motivation of saving, 82.3 %thought that they contributed to financial security and expressed general satisfaction with a high rate of 93.5 %. Elements such as death guarantee (35%) and tax advantages (29%) in the US dollar have become the most important sources of attractiveness of the product.

However, some important points attract attention. Participants stated that premium payments are partially forcing the budget (22.6%) or not sufficient (11.3%), indicating that the insurance sector should develop more flexible premium options that appeal to different income levels. Again, the fact that there is no change in the savings habits of 32.3 %and the fact that a 14.5 %segment is undecided about the financial security contribution suggests that the insurance does not have the same effect on all individuals and that personalized financial counseling services may be needed. In accordance with critical approaches, there may be cases where premium -refunded life insurance does not always increase the motivation of saving; This effect may be more pronounced especially in cases where premium payments are challenging (Liebenberg, Carson and Dumm, 2012).

In the light of these findings, the following suggestions can be presented to the insurance sector: providing appropriate premium options for low income groups, organizing awareness campaigns in rural areas and focusing on long -term accumulation objectives such as retirement and education can enable the product to reach a wider audience. Furthermore, the dissemination of financial literacy training can increase the intelligibility and acceptance of the product. In terms of public policies, it may be useful to reach tax advantages to a wider audience in order to encourage insurance products. Future research can deepen these findings by examining regional differences and long -term effects with a wider sample. As a result, premium -refundable life insurance has a strong potential to support savings awareness and financial security in Turkey, but sectoral steps should be taken in order to fully realize this potential.

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