

REVIEW ARTICLE

Factors Influencing the Decision to Purchase Cancer Insurance in Peru (2022)

ABSTRACT

The decision to purchase a good or service is influenced by environmental factors such as legal, economic, and political factors. This study examines the impact of these factors on the purchase of cancer insurance in the Peruvian market during the COVID-19 pandemic, using a review and comparison of different authors' positions. Regarding the legal factor, Peru has approved the National Cancer Act and its regulations, which aim to improve services for cancer patients. However, there is a delay in the development of procedures to implement this law. Economically, various indicators predict positive growth projections for Peru in coming months, which bodes well for insurance supply and demand. Politically, the Peruvian government has faced several crises in recent years due to corruption, social conflicts, and an inadequate response to international events affecting the country, including the consequences of the war between Ukraine and Russia and the COVID-19 crisis. In this sense, there is a relationship between legal, political, and economic factors and the consumer's decision to purchase cancer insurance, as recurrent crises could influence consumer's decision to purchase insurance or prioritize other expenses in their consumer basket.

Keywords: cancer insurance; environmental factors; purchasing decision.

**Jhon Arturo Zela
Dominguez**

jhonzela14@gmail.com

ORCID: <https://orcid.org/0009-0002-0745-4251>

Universidad Nacional Mayor de
San Marcos, Facultad de Ciencias
Administrativas. Lima, Perú

Submitted: 10/26/2022 - Accepted: 03/21/2023 - Published: 06/29/2023

INTRODUCTION

Consumer decisions to purchase cancer insurance may be influenced by environmental factors, including political decisions, economic decisions, new healthcare laws, and changing cultural behaviors due to the pandemic that may have affected the insurance market. Since the first COVID-19 cases were reported in March 2020, the State and civil society have faced significant challenges in responding to the impact of the pandemic on Peru’s economic, social and health systems (Gutiérrez *et al.*, 2021). The implementation of lockdowns and social distancing measures to curb contagion, along with the use of vaccines to combat it, has had economic consequences for many countries, which have been exacerbated by the effects of the pandemic and the war between Ukraine and Russia. In this extraordinary scenario, the current government had to introduce new policies to support the economy and promote growth. In addition, the cancer insurance market must consider the approval and regulation of new laws, such as the National Cancer Act, and their impact on the insurance business.

PURPOSE OF THIS PAPER

The purpose of this study is to examine the potential influence of legal, political, and economic factors on the decision to purchase cancer insurance.

ARGUMENTATIVE REVIEW

Kotler and Keller (2012) identify five basic stages that guide the consumer’s purchasing decision: “Problem identification, information search, assessment of alternatives, purchase decision, and post-purchase behavior” (p. 166). They also identify four factors that influence the purchasing decision: “Social, personal, cultural, and psychological factors” (Kotler and Keller, 2012, p. 151). In Peru, studies have pointed out the psychological factor as the most influential in the consumer’s decision to purchase various products or services (Chumbe, 2020). Kotler (2001) suggests that the purchase decision is influenced by four psychological factors: motivation, perception, learning, and beliefs and attitudes. However, the various factors proposed by the author (see Table 1) do not take into account the reality of external elements that may also influence consumers; for example, decisions made in the political sphere can influence their lifestyle (personal factor) and motivation (psychological factor).

In this sense, this research aims to analyze additional significant factors that may influence or interrelate with the factors identified by Kotler in the decision to purchase cancer insurance. These include legal, economic, and political factors. The following theoretical elements support this research:

Table 1
Factors influencing purchasing decisions

Factors	
Cultural factors	Culture
	Subculture (<i>refers to how individuals identify themselves within society</i>)
Social factors	Social class
	Reference groups (<i>individuals or groups that directly or indirectly influence a person’s attitude</i>)
	Family
	Role and status (<i>resulting from a person’s interaction with different groups of people</i>)
Personal factors	Age and life cycle stage
	Occupation
	Economic circumstances
	Lifestyle
Psychological factors	Personality and self-concept
	Motivation
	Perception
	Learning
	Beliefs and attitudes

Note. Adapted from Kotler, 2001.

Legal Factor

From a legal point of view, the health insurance sector in Peru is supervised by the Superintendencia de Banca, Seguros y AFP (SBS). The SBS is responsible for protecting the rights of policyholders. Together with the Superintendencia Nacional de Salud (SUSALUD), SBS is tasked with developing and improving the regulations governing the health insurance network.

In this sense, the new Ley Nacional del Cáncer regulations were approved in March 2022. Accordingly, regulatory bodies are now responsible for establishing the necessary procedures to implement the law and assess the risks associated with the changes for the benefit of the policyholders (Ley N°31336, 2021). In order to provide better quality care to their policyholders and comply with the new law, cancer insurers must assess these regulations and implement or revise their service conditions.

The implementation of the new regulations in Peru is vital, as it establishes critical provisions in four areas to ensure essential care for cancer patients: comprehensive coverage, financing, the creation of the Red Oncológica Nacional, and the establishment of the Banco Nacional de Tumores. Comprehensive coverage ensures that patients have access to all necessary health care services, including disease prevention, diagnosis, treatment, and follow-up care. This means that insurance companies, whether public or private, must provide full coverage to patients. Moreover, the regulation emphasizes the decentralization of care and the creation of an oncology network (both public and private), in which patients can be transferred between different health centers according to their need for care and to their electronic medical records.

Economic Factor

The global economy has been rebounding from the pandemic-related shutdowns in 2020. However, while economies around the world have resumed their activities, they are now grappling with sluggish growth due to factors such as inflation, the effects of the Russia-Ukraine conflict, and the emergence of new COVID-19 variants.

Despite the international scenario, the internal political crisis, and the ongoing fourth COVID-19 wave, the World Bank is forecasting positive growth by the end of 2022, which is among the best projections in the region. Meanwhile, the Fondo Monetario Internacional (FMI) expects growth of 3% (FMI, 2022). However, BBVA Research has revised its growth forecast to 2%, citing weakened business confidence and frequent social conflicts in recent months (Gestión, 2022). In Peru, the Gross Domestic Product (GDP) increased by 3.5% year-on-year until May 2022, driven by the dynamism of the non-primary sector (Crispin and Grippa, 2022), and GDP per capita is estimated at US\$ 6,692.2, which is a positive indicator of the country's standard of living (Banco Mundial, 2022).

On the other hand, in March, Peru's credit rating was downgraded by Standard & Poor's Financial Services LLC (S&P), a U.S. financial services rating agency (ComexPerú, 2022).

Regarding inflation, as depicted in Figure 1, the Banco Central de Reserva del Perú (BCRP) statistical estimates for June 2022 indicate a monthly inflation rate of 1.19% and a 12-month inflation rate of 8.81%. The rise in prices for transportation, fuel, eating out, and food items like eggs and chicken has contributed to this increase (BCRP, 2022a). Furthermore, as of May 2022, the 12-month inflation expectation has risen to 4.89% (BCRP, 2022b).

The Precios al Consumo (IPC) is another crucial indicator to consider, which recorded an annual variation rate of 7.5% in March 2022, with a monthly variation of 1.5%. This led to a cumulative inflation rate of 2% in 2022. Price increases in "food and non-alcoholic beverages (3.13%), education (2.67%), transportation (1.92%), recreation and culture (0.91%), restaurants and hotels (0.90%), miscellaneous goods and services (0.56%), furniture and household items (0.45%), as well as alcoholic beverages and tobacco (0.43%), among others" (Instituto Nacional de Estadística e Informática [INEI], 2022, p. 1), contributed to this rise.

Regarding public spending, in 2021 in Peru it decreased by US\$ 700.2 million (4.91%) to a total of US\$ 53,153.40 million. Thus, public spending in 2021 accounted for 23.65% of GDP, which is a decrease of 2.59 percentage points

Figure 1

Inflation levels and reference rate estimated by BCRP



Note. Retrieved from BCRP, 2022a.

from 2020 when it was 26.24% of GDP (Expansión/Datosmacro.com, n.d.a).

The public budget for the health sector's operation in 2022 is S/ 22,945 million, which is S/. 1,955 million more than the previous year. This increase in funding prioritizes improving emergency healthcare, with S/ 1,380 million, and strengthening comprehensive healthcare, with a budget of S/ 1,114 million. Additionally, funds have been allocated to address the infrastructure and equipment needs of health centers, among other objectives. The (Ministerio de Economía y Finanzas (MEF, n.d.) has also allocated a budget of more than S/ 1,500 million to finance various actions to combat the possibility of a new COVID-19 outbreak in Peru.

On the other hand, Acosta and Maquín (2019) state that a significant portion of the population lacks any type of health insurance. Over 80% of this group consists of individuals in the socioeconomic levels C, D, and E - the most vulnerable segment of the population. These individuals have limited access to basic services, low levels education, and informal working conditions. Therefore, it would be advisable to offer a special and affordable type of health insurance to these sectors.

Rindebro's study (2018) shows that Peruvians exhibit a low culture of prevention, resulting in minimal interest in purchasing insurance. As a result, despite significant potential to expand the cancer insurance market, Peru's insurance penetration rate is the lowest among South American countries. Given this scenario, insurance providers can increase their customer base by strategically offering superior products to dissatisfied clients and attracting new policyholders.

Political factor

In Peru, multiple economic indicators point towards a favorable outlook for the upcoming months, unlike the situation in other economies in the region. However, the economic aspect is significantly affected by political risks. In recent years, the country's political environment has been plagued by frequent corruption allegations related to the executive branch, ultimately resulting in the resignation and removal of its past presidents, actions prompted by the legislative branch. Additionally, new and recurring social conflicts have arisen due to the difficulty of resolving these issues, further eroding trust in the state's powers.

As of May 2022, there are 205 recorded social conflicts in Peru, with 151 active and 54 latent cases. Only four have been resolved, three of them through dialogue. Most of these conflicts are concentrated in the Loreto region, with 28 cases, followed by Cusco, with 19 cases, and Ancash, with 15 cases. These conflicts are primarily related to socio-environmental and mining issues (Defensoría del Pueblo, 2022).

In 2021, the corruption perception index measured in the Peruvian state increased to 36 points on a scale ranging from 0 to 100. This increase indicates that citizens believe that the corruption level has risen across different levels of government, with Peru ranking 105th out of 180 countries in the corruption perception index (Expansión/Datosmacro.com, n.d.).

On the other hand, the world is facing a potential food crisis in the second half of this year due to the combined effects of international political decisions, such as the war between Ukraine and Russia, and the confluence of other conditions such as extreme weather, the economic crisis, and the ongoing pandemic. Thus,

international organizations, including the United Nations (UN), have urged countries to take immediate action to address the situation. The impact of the war is particularly significant as the belligerent countries are key producers and exporters of essential grains and agricultural products such as fertilizers. Russia and Ukraine together account for 30% of the world's wheat, 30% of its barley, and 75% of its sunflower oil supply, according to official data. This means that the longer the conflict persists, the greater the cost and challenges associated with the production and distribution of these products will be. Due to the impact on the food supply and increased food costs, the ongoing war between Ukraine and Russia could potentially lead to 49 million people experiencing starvation or similar conditions. This estimate comes from the UN's most recent food security report (Casas, 2022).

CONCLUSIONS

This research addresses the intended objective and establishes that there is a relationship between legal, political, and economic factors and the decision to purchase cancer insurance. Although the decision to purchase a good or service ultimately falls on the consumer, it can be influenced by economic, political, and legal factors. For instance, in the political sphere international events such as the ongoing war between Ukraine and Russia or a national political crisis can affect consumers' decision-making processes. Similarly, economic factors such as the pandemic, fertilizer shortages, fuel price increases, food crises, and the potential effects of a fourth COVID-19 wave can also play a role. Finally, legal factors like new and updated regulations regarding cancer treatment, such as the Ley Nacional del Cáncer soon to be implemented in the health sector, can affect consumers' perceptions of cancer insurance.

Thus, the confluence of political, economic, and legal crises can influence a consumer's perception when considering the purchase of cancer insurance since consumers are not detached from the current events in their surroundings. These events can have a significant impact on their economy, prompting them to factor in these variables when making decisions. Based on their assessment, consumers

may opt to prioritize their family's consumer basket products over buying cancer insurance. Alternatively, they may prioritize health insurance that covers viral diseases like COVID-19 rather than cancer insurance.

REFERENCES

- Acosta, P. and Maquín, N. (2019). *Análisis sectorial de seguros de salud oncológicos en el Perú* [Tesis de Maestría, Universidad de Piura]. <https://pirhua.udep.edu.pe/handle/11042/4352>
- Banco Central de Reserva del Perú (BCRP). (2022a). Inflación: Junio 2022. *Notas de Estudios del BCRP*. N° 46. 07 de julio de 2022. <https://www.bcrp.gob.pe/docs/Publicaciones/Notas-Estudios/2022/nota-de-estudios-46-2022.pdf>
- Banco Central de Reserva del Perú (BCRP). (2022b). Informe de la Encuesta Mensual de Expectativas Macroeconómicas: Junio 2022. *Notas de Estudios del BCRP*. N° 46. 07 de julio de 2022. <https://www.bcrp.gob.pe/docs/Publicaciones/Notas-Estudios/2022/nota-de-estudios-47-2022.pdf>
- Banco Mundial. (2022). PBI per cápita (US\$ a precios actuales) – Perú. https://datos.bancomundial.org/indicador/NY.GDP.PCAP.CD?locations=PE&name_desc=true
- Casas, R. (2022). Encarecimiento y escasez de alimentos aviva descontento: La guerra en Ucrania, el más reciente flagelo mundial, exacerba los precios de los productos en todo el mundo. <https://www.portafolio.co/economia/finanzas/encarecimiento-y-escasez-de-alimentos-aviva-descontento-567785>
- Chumbe, C. (2020). *Factores que influyen en el comportamiento del consumidor de comidas rápidas post pandemia en Iquitos, 2020* [Tesis de pregrado, Universidad Privada de la Selva Peruana]. http://repositorio.ups.edu.pe/bitstream/handle/UPS/162/TESIS_CARLOS_CHUMBE.pdf
- ComexPerú. (2022). Precios altos y proyecciones de crecimiento estancadas: ¿estamos cerca de un escenario de estanflación? *Semanario*. N° 1116 – Economía. <https://www.comexperu.org.pe/articulo/precios-altos-y-proyecciones-de-crecimiento-estancadas-estamos-cerca-de-un-escenario-de-estanflacion>
- Crispin, Y. and Grippa, F. (2022). Perú. Crecimiento del PIB continúa siendo lastrado por las actividades extractivas. *BBVA Research*. <https://www.bbvarresearch.com/wp-content/uploads/2022/07/PIB-Mayo.pdf>

- Defensoría del Pueblo. (2022). Defensoría del Pueblo registró 205 conflictos sociales al mes de mayo 2022. <https://www.defensoria.gob.pe/defensoria-del-pueblo-registro-205-conflictos-sociales-al-mes-de-mayo-2022/#:~:text=La%20Defensor%3%ADa%20del%20Pueblo%20present%3%B3,151%20activos%20y%2054%20latentes>.
- Expansión/Datosmacro.com. (n.d.a). Perú: Índice de Percepción de la Corrupción. <https://datosmacro.expansion.com/estado/indice-percepcion-corrupcion/peru>
- Expansión/Datosmacro.com. (s.f.a). Perú: Gasto público. <https://datosmacro.expansion.com/estado/gasto/peru>
- Fondo Monetario Internacional (FMI). (2022). El Directorio Ejecutivo del FMI concluye la Consulta del Artículo IV con Perú correspondiente a 2022. Comunicado de Prensa No. 22/138. <https://www.imf.org/es/News/Articles/2022/05/02/pr22138-imf-executive-board-concludes-2022-article-iv-consultation-with-peru#:~:text=Las%20perspectivas%20est%3%A1n%20rodeadas%20de,replicue%20el%20est%3%ADmulo%20mediante%20pol%3%ADticas>.
- Gestión. (2022). BBVA Research rebajó a 2% su proyección de crecimiento económico de Perú en 2022. *Diario La República*. <https://www.larepublica.co/globoeconomia/bbva-research-rebajo-a-2-su-proyeccion-de-crecimiento-economico-de-peru-en-2022-3340117>
- Gutiérrez, G., Herrera, S. and Kemner, J. (2021). *Pandemia y crisis: el COVID-19 en América Latina*. Editorial Universidad de Guadalajara.
- Instituto Nacional de Estadística e Informática (INEI). (2022). Precios al consumidor de Lima Metropolitana aumentaron 1,48% en marzo del 2022. Nota de Prensa N°057, 01 de abril de 2022. [https://m.inei.gob.pe/prensa/noticias/precios-al-consumidor-de-lima-metropolitana-aumentaron-148-en-marzo-del-2022-13533/#:~:text=El%20%3%8Dndice%20de%20Precios%20al%20Consumidor%20a%20Nivel%20Nacional%20en,90%25\)%2C%20Bienes%20y%20Servicios](https://m.inei.gob.pe/prensa/noticias/precios-al-consumidor-de-lima-metropolitana-aumentaron-148-en-marzo-del-2022-13533/#:~:text=El%20%3%8Dndice%20de%20Precios%20al%20Consumidor%20a%20Nivel%20Nacional%20en,90%25)%2C%20Bienes%20y%20Servicios)
- Kotler, P. (2001). *Dirección de mercadotecnia. Análisis, planeación, implementación y control*. Pearson Educación.
- Kotler, P. and Keller, K. (2012). *Dirección de Marketing*. Pearson Educación.
- Ley N°31336, Ley Nacional del Cáncer. (2021, 15 de julio). <https://busquedas.elperuano.pe/normaslegales/ley-nacional-del-cancer-ley-n-31336-1980284-2/>
- Ministerio de Economía y Finanzas (MEF). (n.d.). Guía de orientación al ciudadano del Presupuesto Público 2022. https://www.mef.gob.pe/contenidos/presu_public/documentac/guia_orient_ciudadano_2022_281221.pdf
- Rindebro, U. (2018, 19 de abril). Reporte de Seguros en Perú. BNAmericas <https://www.apeseg.org.pe/wp-content/uploads/2018/05/Reporte-de-Seguros-en-Per%C3%BA.-BN-america.pdf>

Competing interests

The author declares that there is no conflict of interest.

Authors' Contribution

Jhon Arturo Zela Dominguez (lead author): Conceptualization, research, supervision, writing (original draft, review and editing).