Social & Demographic Determinants of Insurance Buying Decisions in Sri Lanka

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Abstract:

Life insurance plays important role in the financial lives of an individual. When more people think about the risk that they have to meet they are more likely to go with life insurance. But in Sri Lankan context, there is factors need to be identified in case of life insurance. When considering about the general insurance since the legislation rules people adhere to it very much. But it is not regarded with the life insurance. This dissertation has examined the social and demographic factors effect on the insurance purchase decisions of the people in Sri Lanka with reference to Gampaha district. Theoretical works as well as empirical evidences have shown how the insurance is deviating in different countries, regions in accordance with the changes in various factors like economic, institutional, social and demographic. The study was only concerned social and demographic factors such as age, gender, income, marital status, education, occupation and family size. Descriptive statistic is used to identify and compare the changes of the different categories of variables. The Chi-Square testing was used to identify the significant of each variable for life insurance. Through the results found out with the study it can be concluded that there is a significant influence by social and demographic variables to the insurance buying decision in Gampaha district. But the gender is insignificantly affected on buying decision. With those findings all the alternative hypothesis could be accepted other than the gender

Keywords: Life insurance demand, social determinants, demographic determinants, Gampaha district.

1. Introduction

1.1 Background of the study

Life insurance plays major and important role in lives of persons and families because it is enclose against the loss of income caused by the death of the family earner. In fact Sri Lanka is among growing economies in the South Asia. After the end of the civil war conflicts in 2009 there was an economic growth in most economic activities. According to the Insurance Board of Sri Lanka (IBSL) the insurance industry also has developed with insurance penetration rising to 1.2% in 2012. In accordance with the Insurance Board Sri Lanka "most people seek life insurance when they get married, or buy a home, or have kids, or when other life changing events take place. Once people decided to buy life insurance they concern on the type of policy and assured amount. These are immeasurable parts prefer from policy types and conditions." **When considering about the insurance industry in Sri Lanka the growth of the sector is mostly caused by the life insurance sector. In case of non-life insurance sector it** has got failing of underwriting performance between 2008 and 2012. But the increases in disposable income of persons have increased the demand for the life insurance. And as World Bank described average life expectancy of Sri Lankan population has increased for 75.9 from 73.6 in 2008. The increasing pattern of the life expectancy as well as the aging population has caused to increase the demand for the health insurance and other pension related products. And now day's

insurance industry regulations are expected to be challenging, mostly for smaller companies who have not enough scale to attract the extra costs in order to take by the new regulations. The insurance industry in Sri Lanka is highly regulated. But it is very much needed since they also deal with the others funds. The premiums that are being collected by the insurers are required to be invested in safe and secure investments as per the directions set by the IBSL.

According to the above facts and when considering about the global development on business sector we can imagine that there will be healthy development in life insurance sector. However the development of Life insurance depends on introducing innovative products to the market and there will be a growing demand for health insurance and pension linked products due to the modern lifestyle cultural values of the Sri Lankan society. The public need not hesitate today to obtain insurance policies as the covered regulations to protect policy holders. These will ensure a healthy environment for the future development of Life Insurance industry in Sri Lanka.

1.2 Importance of the Study

This is mainly identifying what are the key factors influencing and what is the significant level of each factor on deciding insurance decisions. This study will useful to identify and analyze why people differently behave on selecting life insurance. As well as insurance companies can get accurate decisions with related customers by understanding the role of these factors. And insurance companies can maintain proper market based products for

their related customers. They can make advancement of their products also.

1.3 The research problem

The identification of research problem is necessary to have proper identification of information needed. Firstly the framework to identify the factors effect on insurance was built by Yarrri (1965) and Hakanson (1969). But it only discusses only on the interest rate wealth, expected income over a person's life time and interest rate. But it does not pay much attention for social and demographic variables and regarding the social and demographic factors effects on the individual insurance behavior was firstly observed by Hammond, J. D., Houston, D. B. & Melander, E. R. (1967). Household Life Insurance Premium Expenditures: An Empirical Approach, Journal of Risk and Insurance.

And after that there are various researches have done on this area. But there are different times findings regard to different selected variables. Because there are many conflicting findings from the previous researches on socio and demographic factors on life insurance buying decisions. In the view of Sri Lanka there is lack of research on this area. Therefore with this study it is aimed to examine the social and demographic determinants of life insurance consumption in Sri Lanka reference to Gampaha district.

1.4 The objective of the study

The aim of the study is to examine and identify the factors influence on life insurance purchased of households. The main focus is on Gampaha district. Different

variable categories have used to identify the people behavior such as demographic and socio variables (age, education, employment status, health status, number of children, marital status and income). The effects of these factors on either life insurance buying decisions will examine separately.

1.5 Limitations of the Study

The main limitation of this study is lack of observation of the sample. There are only 100 observations in sample. But it's not enough to examine the good result. So the researcher comes to conclusion only one those survey results. And other than this the research is only limited for the Gampaha district but it is better if it can apply for the overall Sri Lanka for better understanding. It is not enough to identify people behavior in one district to come up with new suggestions.

2. LITERATURE REVIEW

Literature review section identifies the prior researches related to the area. In this study the factors effect on life insurance purchase decisions or the empirical studies relating to demand of life insurance purchase decisions have discussed. The demographical, economic and social factors are bring into being the most effective factors when evaluating the life insurance demand of family or individual. Among all those different variables the social and demographic factors effect on life insurance have focused in the research. The key findings of different researches related to the specify area have analyzed throughout this. As well as here it has discussed the reasons to select each variable for the researches.

Researches on buying decisions of insurance could be identified in the different publications in different countries with different models. When analyzed the previous studies different factors have been selected by the researches shows significant variance in their findings because some studies are based on microeconomic factors whereas some on macroeconomic factors and also individual behavior measuring factors. And we narrow down the area into social and demographic variables as well. But due to several reasons as demographic variance in different countries and regions the result for the same evaluation factor also shows different outcomes from one another.

Insurance is protection against the risk of property or a person. It can classify into different sectors. It has defined by different persons in different ways. Oxford defined the insurance as "An arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium: many new borrowers take out insurance against unemployment or sickness" and again there are several definitions which defined it as agreement between insurer and the company to cover the damages or similar ways. With the research the main focusing area is life insurance. It is identified as assurance which only related with human life than other objects around. It has defined in several ways. For an example Google identified life insurance as "insurance that pays out a sum of money either on the death of the insured person or after a set period" or with similar ideas which related with insuring human life.

2.1 Substantive Findings

The purchase of life insurance is one of the most important purchasing decisions for individuals and families (Anderson & Nevin, 1975) and it is a critical component of a long-term financial plan (Devaney & Keaton, 1994). There are several researches have done on the area of determinants of insurance demand. The first researcher who developed theoretical framework on the demand for life insurance was done by Yarrri (1965) and Hakanson (1969). This framework explained that the demand for life insurance is a function of wealth, expected income over a person's life time, interest rate and the cost of life insurance policies. But this is basically related only with economic factors than any other influencing factors of insurance. And latterly Lewis (1989) developed this model to get better evaluation.People purchase life insurance policies based on different factors. When consider it as social effects either they go for coping their friends and neighbors or they become self-conscious that they do not have enough security after they identifying that other people do so (Kunreuther & Pauly, 2005). As psychological factors consumers agree to purchase a service which is expressed in words as insurance rather than protection, as the first one has a positive ring, implying an investment that offers protection, while the latter one suggests a cost which has a negative connotation (Kunreuther & Pauly, 2005). Consumers are likely to consult their feelings in making insurance decisions, Kunreuther & Pauly (2005). Hsee and Kunreuther (2000) explain why a recent accident or disaster would increase people's willingness to insure against a similar event in the future, in view of the fact that after understanding a tragedy people have better

understand on how it effect on them if they lose the things they love and therefore want to avoid the pain resulting on it either in smaller amount by being protected in the future. Hammond, J. D., Houston, D. B. & Melander, E. R. (1967) also investigated the relationship between life insurance premium expenditures and various demographic characteristics of households. The author shows family, individualism, and risk aversion using the cross-sectional data with multiple linear regression analysis where premium expenditure was the dependent variable.

If we take one of the most recent research Marijana et al. (2013) it defines how different factors effect on life insurance demand. In that paper social and demographic determinant of life insurance demand in Croatia has analyzed. That was done with the survey data collected by the sample of people of the country. According to the results of that research age, employment and education show statically significant impact on life insurance demand of households in Croatia. Other examined factors-gender, marital status and number of family members have no influence on the life insurance consumption. Further explained as the research the most numerous buyers of life insurance are individuals in the age group 44 – 56 years. And in case of gender almost both men and women respondents are same. And in case of education there is positive relationship. And also it showed that there is a positive relationship between employment and life insurance demand while implying there is no relationship associated with family members and marital status. They argued that unmarried persons move on this since

there income is higher. Other researches on the area are as follows.

Further if we consider another research which has studied socioeconomic determinants of health insurance in India: the case of Hyderabad city (Yellaiah,J and Ramakrishna.G, 2002). That research identified determinants of demand for health insurance in Hyderabad are occupation, income, health expenditure, and awareness on health insurance scheme. All those variables significantly influence on life insurance. The researcher has used logistic Regression model to interpret the data collected. And in here the dependent is considered as existence of insurance policy for individuals. And as it is a closest country with similar demographic characteristics as Sri Lanka the findings of that base article may similarly influence on the findings of this research also.

When evaluating the above there are various variables used as the independent variables named as social and demographic factors and also the dependent variable of the researches also has changed according to the different objectives of those researches. In most of the above researches the value of the insurance was used as the dependent variable of the studies. And the existence of life insurance was also taken as the dependent variable. And it has changed based on the defined objectives of the researches. The model selection is also deviate in most cases according to those different circumstances. By considering those research variables in this research also some variables have also selected. If we further concern on social and demographical variables which we use in the research and

the literatures which cause to gather them in to this research are as follows.

2.2 Age

There are different findings about the effect of age on the demand for life insurance. Berekson (1972), Showers and Shotick (1994), Baek and DeVaney (2005), Bernheim (1991) have described that the effect of age on life insurance holding has significant positive relationship associated with it. But Ferber and Lee (1980), Bernheim (1991) and Chen, R., Wong, K.A., Lee, H.C., (2001) identified that there is a negative significant relationship between age and life insurance demand. Researchers have found out that firms with a young work force are more likely to provide their employees with treatment insurance. And some researches Hammond et al. (1967), Duker (1969), Anderson and Nevin (1975), Burnett and Palmer (1984), Gandolfi and Miners (1996) argued that age was not a significant factor in purchase of life insurance. With different matters they have come up with those conclusions based on different surveys with different statically analysis.

2.3 Gender

If we identify another factor effect on decisions of life insurance demand, Gandolfi & Miners (1996) study influence of gender on life insurance consumption. Demand for insurance can be vary among men and women based on difference in lifetime and other reasons. According to the assumption that men live shorter than the women most of the cases men demand for the life insurance when it compared with the women. Previous studies have over and over again clarified that, if household heads or

husbands are employed, more life insurance will be purchased by individuals or households. These conclusions on the studies are originally with the authors including Hammond et al. (1967), Mantis and Farmer (1968), Duker (1969), Ferber and Lee (1980), and Fitzgerald (1987). But in some researches regarding the factor the newest researchers have found out that the gender is not a matter for most of the works as this insurance decision.

2.4 Income

Income is determined as positively interrelated to the demand for life insurance, when other factors are constant. The effect of present income on life insurance demand is examined in several studies (Duker 1969; Ferber and Lee, 1980; Truett and Truett, 1990; Showers and Shotick, 1994; Gandolfi and Miners, 1996). Showers and Shotick (1994) used a Tobit analysis to analyze the effect of household characteristics on life insurance demand. .In there they have taken the dependent variable as premium expenditure on life insurance products. Fitzgerald (1987) the outcome showed that occupation of husband had a positive impact on the amount of life insurance purchased and in the other side Gandolfi and Miners (1996) found that the wife's employment status has a negative impact on the husband's life insurance ownership. They argued that full-time labor force participation by the wife reduces the husband's life insurance demand. So here also people have come up with various conclusions at the end.

2.5 Marital Status

As the next variable Marital status has selected. It has also been found to highly influence on life insurance demand in previous studies. Hammond et al., 1967; Mantis and Farmer, 1968), Mantis and Farmer (1968) were among the first to examine how marital status influences life insurance demand of households by using multiple linear regression analysis. They expected that married men would spend more money on life insurance than single men. But the analysis showed a negative association between marriage and life insurance premium expenditures. They argued that in single people has much money in excess than become a family. So the single person has better ability on insuring than married once.

2.6 Education

In the case of effect of education on life insurance demand most researchers such as Hammond et al. (1967), Ferber and Lee (1980), Burnett and Palmer (1984), Gandolfi and Miners (1996), and Baek and DeVaney (2005) agreed in all their researches that there is a positive relationship between education and life insurance demand.. They recognized that those who have a better education will purchase more life insurance. Since people more aware about the risk around them and they try to avoid them after they have better understanding on that. That understanding is basically comes from the education but Anderson and Nevin (1975) point out that there is a negative connection between education and the amount of life insurance purchased. According to authors when people become more educated before investing they go for more evaluation on that. Hence those educated people believe that inflation frequently decreases the cash value of life insurance from a savings

standpoint and because of that they reduce the life insurance need. Other than theses negative and positive relationships some of the researchers are also argues the effect of education on the life insurance demand have no relationship and treatment for insurance is somewhat complicated. First it is opposite sign compared with the findings of previous research and also highly educated people earn higher than non-educated people. As a result one should source for country specific reasons in explaining the educational charges and effects also founded.

2.7 Occupation

And in case of employment or the occupation of individual Fitzgerald (1987) developed a model of the amount of life insurance purchased by a married couple with data from the Wisconsin Assets and Income Survey (1946-1964). The dependent variable in this study was the face amount of life insurance held by the husband. The results showed that occupation of husband had a positive impact on the amount of life insurance purchased. Gandolfi and Miners (1996) found that the wife's employment status has a negative impact on the husband's life insurance ownership. They argued that full-time labor force participation by the wife reduces the husband's life insurance demand. The analysis of Baek and DeVaney (2005), however, indicated that labor force participation by the wife enhanced the purchase of both cash value and term life insurance of the household.

2.8 Family Size

Family size and number of children were found to be significant explanatory variables for determining the demand for life insurance in many studies (Hammond et al., 1967; Ferber and Lee, 1980; Burnett and Palmer, 1991; Showers and Shotick, 1994). Burnett and Palmer illustrated that when the number of children increased, the sum of insurance purchased also needed to be increased. This is as estimated with households with more children having a greater demand for financial resources if the household head dies it will really huge matter on them when it is compared with a small family. Showers and Shotick (1994) examined the positive relationship between family size and life insurance purchased in their 1994 study. They found that when household size is added by one person, on average, the need for life insurance will have a corresponding increase in insurance premiums also with a considerable amount. Anderson and Nevin (1975) achieved the result that there is no significant connection between family size and the purchase of life insurance using the data of Consumer Decision Processes 1968-1971. But in most of the cases the positive relationship can identify between the increment of family members else the number of children and life insurance value generally.

When evaluating those variables the usages of evaluating models are different from one another. Those are basically changed with objectives of them and the resource constraints. If considered some models which were used in related base articles on the same field we can identify the similarities as well as changes on those. In most of the times regression model has used. But applying it on to the data has slightly different from one another. The latest base article named The Effect of Social and Demographic Factors on Life

Insurance Demand in Croatia (Marijina et al, 2013) which mostly supported on this research had used the chi-square testing application. Other than that logic models in regressions, Lewis model, multiple linear regression models, and multiple classification analysis were used in here.

3. RESEARCH METHODOLOGY

This research focused only on Gampaha District and hopes to get the information from respondents in there. However, this research does not intend to cover the entire insurance companies in Gampaha district but the behavior of people will be evaluated in order to accomplish the research objectives successfully. When selecting the sample, the ages above 20 as taken into consideration. With the assumption minors cannot enroll in the insurance contract.

3.1 Data Collection & Analysis

Data on the dependent and independent variables collected from questionnaires distributed among the identified population for the selected number of sample.

The analysis is based on the data that obtained from survey through questionnaires. The questioners distributed among the people in Gamapaha district. The sample uses for the research purpose consist with both individuals who buy life insurance and who do not do so. The questioners have built up to identify the influence of social and demographic factors on life insurance demand. Descriptive statistics and Chi-Square test is used to analyze the relationship between the social and demographic factors and life insurance demand.

3.2 Hypothesis Testing

The objective of this study is to find out the insurance patterns of the people in Gamapaha district by finding out the significant association of life insurance and socioeconomic determinants. Based on the objective, the study seeks to test the following hypothesis.

H1: There is a significant difference between age and life insurance consumption.

H2: There is significant difference in life insurance demand and gender.

H3: Income significantly influences life insurance demand.

H4: There is significant relationship in life insurance consumption across different group of respondents' education.

H5: Occupation significantly influences life insurance demand.

H6: There is significant difference in life insurance consumption between married and single individuals.

H7: There is a significant difference in life insurance demand across different categories of the respondents based on family size.

4. DATA DISCUSSIONS

The chi-square testing conducted to identify the results or the relationship between life insurance demand and each social and demographic variable effect on this. The descriptive statistics Cross tabulations and the chi square testing tables are presented with regards to each variables. There were 100 respondents participated in the survey. Out of that 52% of the respondents have life insurance with them. The following analyze shows the analysis of each variable with the buying decision.

Table 1: "AGE" and the "LIFE INSURANCE DEMAND"

Table 1: Given Response (Yes/No) * Age Group Cross tabulation									
			Age Group						
			20-29	30-39	40-49	50-59	60-69	above 70	Total
Given Response (Yes/No)	No	Count	17	2	6	11	5	7	48
		% within Age Group	63.0%	16.7%	30.0%	47.8%	50.0%	87.5%	48.0%
	Yes	Count	10	10	14	12	5	1	52
		% within Age Group	37.0%	83.3%	70.0%	52.2%	50.0%	12.5%	52.0%
Total		Count	27	12	20	23	10	8	100
		% within Age Group	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The first variable used in the evaluation was AGE. The age of people or the respondents have divided into 6 categories for the purpose of evaluation. More than half of the respondents of the survey were purchasing life insurance. Out of all the survey participants most people belongs to age group below 29. And with that 63% of them do not purchase life insurance and it is also similar when it compares the age group above 70 they also do not much consider on life insurance, only 12.5% of them have life insurance. Large amount from age group 30-39 purchased life insurance out of all it is 83% of that group. In case of 40-49 age groups they also highly consider on having life insurance.

Table 2: Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.755[a]	5	.011
Likelihood Ratio	15.895	5	.007
Linear-by-Linear Association	.474	1	.491
N of Valid Cases	100		

With the chi-square evaluation could recognize there is significant relationship between two variables because the significance level is below .05 or the 5%. So we can determine there is a significant relationship between the age and life insurance purchases among the people lives in Gampaha district.

Table 3: "GENDER" and "LIFE INSURANCE DEMAND"

			Gender		Total
			Female	Male	
Given Response (Yes/No)	No	Count	30	18	48
		% within Gender	56.6%	38.3%	48.0%
	Yes	Count	23	29	52
		% within Gender	43.4%	61.7%	52.0%
Total		Count	53	47	100
		% within Gender	100.0%	100.0%	100.0%

With regards to gender there is no significant relationship between gender and the insurance purchase behavior of individual. From the descriptive statistic described above a higher percentage of males' purchases life insurance than female.

Table 4: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)
Pearson Chi-Square	3.344[a]	1	.067	
Continuity Correction[b]	2.651	1	.103	
Likelihood Ratio	3.366	1	.067	
Fisher's Exact Test				.075
Linear-by-Linear Association	3.311	1	.069	
N of Valid Cases	100			

But that was not a significant finding as chi square testing. In there the p value is above .05. It means there is no association between the gender and the life insurance demand and gender is an independent variable to insurance buying decision. If further explained the gender is not a considerable factor in case of selecting a life insurance. It can conclude men and women are similarly demand on the life insurance.

Table 5: "INCOME LEVEL" and "LIFE INSURANCE DEMAND"

Table 5 : Given Response (Yes/No) * Income Level Cross tabulation							
			Income Level				
			0	Low	Middle	High	Total
Given Response (Yes/No)	No	Count	17	8	20	3	48
		% within Income	77.3%	88.9%	41.7%	14.3%	48.0%
	Yes	Count	5	1	28	18	52
		% within Income	22.7%	11.1%	58.3%	85.7%	52.0%
Total		Count	22	9	48	21	100
		% within Income	100.0%	100.0%	100.0%	100.0%	100.0%

Income levels of the persons have divided mainly in to three categories such as the low income category, medium and the high income category. The income level to identify how the life insurance decisions have changed, the low income people do not purchase life insurance like the others. They have to concern more on their other major necessities than the insurance. Because insurance is only a security need. And in case of the people in high income category they are highly purchased life insurance. And it goes for 86% nearly. The significant of income level and insurance buying decisions shows in following chi square table

Table 6: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.916[a]	3	.000
Likelihood Ratio	26.181	3	.000
Linear-by-Linear Association	20.570	1	.000
N of Valid Cases	100		

This relationship exists between the income level and the insurance is highly significant as the p value is below .05.

The relationship in between life insurance demand and the marital status of an individual is considered in the following stage.

Table 7: "MARITAL STATUS" and "LIFE INSURANCE DEMAND"

Table 7 : Given Response (Yes/No) * Marital Status Cross tabulation			Marital Status		Total
			Single	Married	
Given Response (Yes/No)	No	Count	19	29	48
		% within Marital Status	70.4%	39.7%	48.0%
	Yes	Count	8	44	52
		% within Marital Status	29.6%	60.3%	52.0%
Total		Count	27	73	100
		% within Marital Status	100.0%	100.0%	100.0%

The relationship between the marital status and the life insurance expectation out of the total sample of 73 were married and most of them have purchased life insurance. It is 60% from the overall married group. And when it goes for unmarried persons most of those do not use life insurance products. Only 29.6% have life insurance with them.

Table 8: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)
Pearson Chi-Square	7.416[a]	1	.006	
Continuity Correction[b]	6.239	1	.012	
Likelihood Ratio	7.559	1	.006	
Fisher's Exact Test				.007
Linear-by-Linear Association	7.341	1	.007	
N of Valid Cases	100			

According to the chi-square testing the significant level is .006 which is below .05 so it showed that there is a significant relationship between the two variables. As mentioned in some of the researches marital status do not influence on the insurance decisions. It is because people consider on life insurance when they have dependents. So here the null hypothesis can be accepted regards to the matter. This is similar to definition of Sri Lankan insurance definition given by Insurance Board of Sri Lanka.

Table 9: "EDUCATION LEVEL" and "LIFE INSURANCE DEMAND"

Table 9 : Given Response (Yes/No) * Education Level Cross tabulation			Education Level			Total
			Lower Level	Secondary Level	Higher	
Given Response (Yes/No)	No	Count	9	18	12	39
		% within Education Level	75.0%	46.2%	31.6%	43.8%
	Yes	Count	3	21	26	50
		% within Education Level	25.0%	53.8%	68.4%	56.2%
Total		Count	12	39	38	89
		% within Education Level	100.0%	100.0%	100.0%	100.0%

Table 10: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.138[a]	2	.028
Likelihood Ratio	7.289	2	.026
Linear-by-Linear Association	6.672	1	.010
N of Valid Cases	89		

In case of evaluating the relationship between education and life insurance purchase decisions there should be positive relationship as defined by the previous literatures. In the evaluation education was divided in to three categories as lower level who have done up to grade 9, and the secondary level who have completed their Advanced level education and higher level who have further studied on diplomas and other professional exams or else completed their university education. The lower educated people do not much consider on the life insurance. 75% of them do not purchase life insurance. It might mainly due to the lower income that they earn as well as lack of knowledge about insurance. And the people who have higher education and other professional qualifications highly considered on the life insurance. It is 68.4% from that respondents group and the middle category who have finished their Advanced level are considering on life insurance and it is 46.2%. According to the chi square statistics the p value of person chi square is below .05. Here it is .02. Next variable is person's occupation in relation to the life insurance purchase decisions.

Table 11: "OCCUPATION" and "LIFE INSURANCE DEMAND"

Table 11 : Given Response (Yes/No) * Employed or Not Cross tabulation							
			Employed or Not				
			Employed	Unemployed	Student	Retired	Total
Given Response (Yes/No)	No	Count	27	8	9	4	48
		% within Employed or Not	37.0%	72.7%	81.8%	80.0%	48.0%
	Yes	Count	46	3	2	1	52
		% within Employed or Not	63.0%	27.3%	18.2%	20.0%	52.0%
Total		Count	73	11	11	5	100
		% within Employed or Not	100.0%	100.0%	100.0%	100.0%	100.0%

For the research purpose the occupation has identified in four perspectives. Mainly there are two categories the people who are employed and who are unemployed. Other than that two groups are identified as students who are studying in universities and with other course. As well as the retired persons above 60 who have income now and not depends on others. Pearson chi square to understand the significant of occupation status on life insurance decisions is given below.

Table 12: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.334ᵃ	3	.004
Likelihood Ratio	13.946	3	.003
Linear-by-Linear Association	11.534	1	.001
N of Valid Cases	100		

According to the findings of chi square testing can identify there is a significant relationship between the person's employment and the life insurance demand. The last evaluation variable is the number of family members.

Table 13: "NUMBER OF FAMILY MEMBERS" and "LIFE INSURANCE DEMAND"

Table 13 : Given Response (Yes/No) * Number of family Members Cross tabulation								
			Number of family Members					
			1	2	3	4	5	6 and above	Total
Give n Respon se (Yes / No)	No	Count	2	9	6	14	11	6	48
		% within Number of family Members	100.0%	75.0%	46.2%	31.1%	52.4%	85.7%	48.0%
	Yes	Count	0	3	7	31	10	1	52
		% within Number of family Members	.0%	25.0%	53.8%	68.9%	47.6%	14.3%	52.0%
Total		Count	2	12	13	45	21	7	100
		% within Number of family Members	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 14: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.982ᵃ	5	.010
Likelihood Ratio	16.424	5	.006
Linear-by-Linear Association	.311	1	.577
N of Valid Cases	100		

When considers about the family members and the insurance there is a significant relationship. The most respondents for the survey are related with a family of 4 members and that group purchase life insurance than the other groups. It is 68.9% from that group. When it comes for the 1 and 2 members families they do not highly concern on life insurance. Mainly from the survey participants in one member families 100% of them do not purchase life insurance. As well as the families which have more than 6 members also do not go with life insurance products as the survey results. When the numbers of members are increasing in a family their expenses are increasing and insurance will become additional expense on them. That might be the reason to declining insurance for 6 members' family. And 3 and 4 member groups also purchase life insurance at some extent.

5. CONCLUSION AND RECOMMENDATIONS

Study analyzed that the factors effect on the life insurance decisions in Gampaha district people based on the survey data collected from 100 respondents. After analyzing the data it has find out the variables influence on life insurance decisions are age, occupation, income level, marital status, education and the members in the family. Income level is the most significantly influence factor in the life insurance decisions. Gender is not much considered on this decision. And the research only based on the social and demographic characteristics so we can identify other variables to understand the matter other than these variables. And also there can be problems of using sample instead the population for the study.

As suggested by the research nearly 50% of people in Gampaha district have life insurance and also there is an insurance market which needs to be addressed by the companies. In case of age only a group of people are highly concerned and in case of gender there is no influence. It might because both men and women in Gampaha district are working as their ability no like regional areas. Because of that both parties have ability to insured. It depends on mainly the income of the persons. There is high significant influence for the insurance buying decisions from the income. As well as in circumstances like members in the family and age there is influence by those variables to the insurance buying behavior but it are not positive at all the times. In case of income and employment that is positive. So we cannot directly say identify the association is positive between the variables but it is significant. So the point need to be addressed should be different.

Table 15: Summary of Significant of each variables

Variable	Chi-square Test (p value)	Significant/ Not significant	Findings of previous Literature
Age	.011	Significant	Significant
Gender	.075	Not Significant	Not Significant
Income Level	.000	Significant	Significant
Marital Status	.006	Significant	Not Significant
Education Level	.028	Significant	Significant
Occupation	.004	Significant	Not Significant
Number of Family	.010	Significant	Not Significant

Above table shows the comparison between the results for significant of variables in the study and the most recent research, the effect of social and demographic factors for life insurance demand in Croatia, Marijana et al. (2013). There are some differences between the two answers. The changes of social and demographic changes in two countries might have caused for this. If conclude the results of the study can identify that six hypothesis can be accepted from the seven based hypothesis and therefore the objectives are accomplished with the research. It means it is able to find out a influence from social and demographics factors to the insurance

buying decisions of the people in Gampaha district.

5.1 RECOMMENDATIONS

The results of the study give an idea on insurance industry context and the existing market conditions. The results can be used by the decision maker on insurance company level and the macroeconomic level with the government influence. Also the students can get practical understanding on how the insurance market behaves other than the academic understanding about the insurance. The findings of the research can be used by the insurance companies various ways. Mainly they can plan their destitution channels by addressing relevant need. They need to highly concern on employment, income, age, and customer education since those are highly effect on buying decisions of life insurance. Insurance companies can have good understanding of those things when distributing the products. And also they can new products like pension plans for the lower income people which helps to secure their future. And also government can take relevant steps to secure them with these insurance schemes as it is useful for them. As defined by previous literature health insurance can reduce the burden of health expenditure. So in that sense insurance in case of diseases is highly needed for the poor people than the high income category. Therefore some broaden products with different requirements can be introduced for the poor people. And as disused there are lots of misunderstanding among people regarding life insurance. So companies have to take necessary actions to give proper understanding for the people on this. As well as with the findings could identify that lower educated groups are not much wit insurance products. This is the market which needs to be addressed by the companies. It might because of the lower income of that lower educated group. But nearly 50% of the people with secondary

education also do not much consider on this. They need to be identified and can implement simple insurance schemes which they can familiarize. In case of age groups and marital status young single persons do not consider on insurance even though they have enough income. So the products which can be identified their needs can be introduced. Mainly the pension products, investment products or similar things will useful for them. And other than these things this is only a survey which based Gampaha district if we did this for a different district in Sri Lanka the findings may be different as suggested. For an example the gender participation on insurance purchases may significantly different although we identified there is no significant relationship in here. So we can address those problems in regional wise. And in case of government perspective they can implement new products similar to insurance which can address the poor people. Because they also need insurance as previously explained. Although it is so since the insurance companies seeking for profits they are not concerning on these types of things much. It is government duty to consider on social welfare.

According to above identified facts the final summarization is still social and demographic variables are very much influenced on insurance purchase decisions. Therefore the insurance companies and other authorities need to identify and address them.

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