Volume-8, Issue-2, July - December, 2021
PP. 146-178

People's Perception towards Life Insurance: Risk Management Tool or Expectation of Fixed Return

Fahad Zeya[1]

Abstract

The study covers people's perception towards purchasing different life insurance policies in Bangladesh. Analysis has been done into two parts; demographic factors (gender, age and income) and people's perception towards purchasing life insurance policies (either risk management motive or expectation of fixed return). Hence, risk management factors are set into five sub-categories; financial stability, coverage for unexpected loss, risk burden transfer, dependency on life insurance, knowledge about life products. Furthermore, fixed return expectation factors are also developed into five sub-categories; fixed return generated scheme, higher return generating scheme, tax exempted return, premium back when policy lapsed, surrender value equivalent to accumulated total premium. Analysis showed that people consider buying different life insurance policies being influenced by their gender, age and income level. Furthermore, the study revealed that risk management and fixed return expectation factors individually have not much influence over people's buying life insurance. Conversely, when both factors are put together, the study concluded that people purchase life insurance considering risk management factors above fixed return expectation.

Keywords: Life Insurance, Risk Management Factors, Fixed Return Expectation Factors, Money Back Policy
JEL Classification: G02; G22; G32

1. Introduction

Insurance sector in the developing country like Bangladesh has a long way to reach at an optimal level. The principal barrier of the full-fledged application of the insurance sector in Bangladesh is people's perception. Most of the people in Bangladesh think that buying insurance or investing into insurance policy is unproductive as they believe in short term gain. They basically prefer acquiring assets or depositing money into banks rather than purchasing insurance policy.

[1]Assistant Professor, Department of Finance and Banking, Cumilla University, Cumilla, Bangladesh. email: fahadzeya31@gmail.com

Those who somehow invest into insurance by purchasing policy consider insurance policy as a fixed return featured product rather than a risk management tool or hedging against unexpected future losses. Such misconceptions which are against insurance objectives are prevailing in the market. These myths have to be exonerated to accelerate the growth of the insurance business in Bangladesh. The paper is mainly designed to address the people's perception towards purchasing different life insurance covers. In the study, main focuses have been given to two main factors; either people consider life policy cover as a risk management tool or they consider it as a fixed return generating scheme. Chaudhary (2016) made some comments on the needs for life insurance. They are meeting family's financial requirements in future; clearing outstanding loans and expenses; diversifying investment options; availing tax benefits; availing loans against insurance policy documents. These are the features mainly motivating investors to invest into purchasing insurance as features are more like investing into banks in the form of depositing money. Some other influencing features are that directly relate the insurance products into its inherent features. These are assurance and security; debt issue; long term goal above risk factors; risk coverage and savings; family welfare and protection in case of any unexpected events, etc. Though insurance product generates yield in the long term, it is mainly a risk management tool that caters its characteristics only when risk or uncertainty arises.

1.1 Objectives of the Research

The main objective of the study is to examine the factors around people's perception towards life insurance and analyse these factors which influence people to buy different life policy covers. Specific objectives of the study are:

- To study the risk management factors that influence people to consider insurance services as risk hedging tool
- To study the fixed return expectation factors that influence people to consider insurance services as other saving instruments
- To assess the people's perception considering different life products either to minimize risk or to expect fixed return

1.2 Literature Review:

Literature showed few studies on people's perception toward life insurance that they purchase it to minimize the risk, to get better service and relaxed future or to generate fixed income. Most of the studies have been conducted on developing countries. The studies concentrated on the areas like purchasing decision, income and savings, security level and consumer behavior regarding life insurance policy.

Beckett et al (2000) showed concern about consumer behavior. They emphasized that new technology has made highly competitive market conditions that have immense impact on consumer behavior in buying financial products and services. A model has already been built that can read consumer behavior in buying financial products and services and in the later stage it will help service providers to cater services towards investors accordingly so that they can retain customers and make profit.

Chaudhary (2016) conducted a study on 100 respondents into three suburbs of Indian state. The study which examined the factors influencing to buy life insurance policy has identified six indicators that influence consumer behavior about investing into insurance products. These include better service provider, customized and timely services, convenience, service quality, tangible benefits and effective customer relationship management.

Islam and Mamun (2017) conducted their survey concentrating on four life insurance company (accumulating market share almost 80%) and traced 14 buying factors that discourages people from buying life insurance policy. The most important factor for not continuing life policy in the long run is the economic insolvency of the people. The second factor is after maturity service followed by general belief of the people, family plan, controversial idea, government policy, behavior of the insurance agents, awareness of the people, income of the household, attachment with insurance, peer group influence, occupational risk, age of the potential insured, and lack of insurance information.

Fukakawa (2002) showed concern about the possible occurrence ethically questionable consumer behavior from the data collected on 72 UK customers. The study discusses the theory of planner behavior which includes attitude, social influence and opportunity and perceived unfairness. They tested four of them through some parameters. Binary logistic model suggests that social influence and attitude constantly impact on ethically

questionable behavior. Analysis of variance suggests that opportunity and perceived unfairness, though context specific, show marks of significant influence on the acceptance and practice of this behavior.

Karim (1999) stated that compared to other countries in the South Asia, Bangladesh has a low penetration into life insurance. Reasons for low penetrations are weak saving instruments, poor client service, lack of innovation and shortage of trained man power. They focused on these areas to improve and help people to be bolstered into purchasing life insurance policies.

In his research on consumer decision making process while buying life insurance policies, Mahajan (2013) discussed about five phases decision for opting any tax saving instrument or financial instruments like life insurance involves need recognition, search of alternative, evaluation of alternative, purchase decision and post purchase evaluation. Furthermore, in his research, he showed life insurance has been preferred based on number of products, knowledge about customer, timely issuance of policy and after sale service.

Tripathi (2008) showed consumer buying patterns with a focus on market segmentation. He divided the market in terms of insurance needs, age groups, satisfaction levels etc. He basically focused on the large insurance company's (LIC) customers and made a survey of 150 respondents. The study concludes with that the demographic factors play vital roles in purchasing decision of life insurance policy.

Insurance need of the people of Bangladesh has arisen and people now a days consider it as an indispensable need for long run. Need arisen of insurance has created a positive impact over the minds of the people. Hence, they should treat insurance policy as hedging against risk(s) and not equalize with banking type products.

1.3 Research Design

Research Type- Descriptive and Inferential

Data Type- Both primary and secondary

Study Period- September 2019 to June 2020

Target Population- Residents and life policyholders in Dhaka and Cumilla, Bangladesh

Sampling Technique- Purposive Sampling

Sample Size- 300 respondents

Method of Data Collection- Both Personal Interview and Online Survey and questionnaire are designed with Likert Scale counting from strongly disagree (1) to strongly agree (5)

1.4 Research Methodology and Hypothesis Development

The methodology used in this study is given as follows-

i. Descriptive Statistics- In this study mean, median, mode, standard deviation, correlation and regression of demographic profile, people's perception towards life insurance cover purchasing has been analyzed

ii. Hypothesis Formulation- Following hypotheses have been developed by the author for analysis.

iii. Hypothesis 1- influence of people's demographic profile on people's perception to buy life insurance

iv. The main demographic factors to show influence of perception of the people are gender, age and income.

v. H_1- Demographic factors have influence on people's perception to buy life insurance

vi. To support the above hypothesis, three simultaneous hypotheses have been developed.

vii. $H_{1.a}$- Gender has influence on people's perception towards life insurance

viii. $H_{1.b}$- Age has influence on people's perception towards purchasing life insurance

ix. $H_{1.c}$- Income has influence on people's perception towards purchasing life insurance

x. Dependent variable- Perception of different life policy cover among 300 respondents

xi. Independent variables- gender, age and income (annual) of the respondents

xii. Hypothesis 2- influence of risk management factors on people's perception to purchase life insurance

xiii. Sub hypotheses to support the above statement are as follows-

xiv. $H_{2.a}$- Financial stability perception has influence on people's perception towards life insurance

xv. $H_{2.b}$- Coverage of unexpected loss has influence on people's perception towards life insurance cover purchase

xvi. $H_{2.c}$- Risk burden transfer perception has influence on people's perception towards life insurance

xvii. $H_{2.d}$- Dependency on life insurance perception has influence on people's perception towards life insurance

xviii. $H_{2.e}$- Knowledge on different life insurance cover perception has influence on people's towards life insurance

xix. Dependent variable- Perception of different life policy cover among 300 respondents

xx. Independent variables- financial stability, coverage of unexpected loss, risk burden transfer, dependency on life insurance and knowledge in life insurance perception

xxi. Hypothesis 3- influence of fixed return expectation on people's perception towards purchasing different life insurance cover

xxii. Sub hypotheses to support the above statement are as follows-

xxiii. $H_{3.a}$- Fixed return generating scheme perception has influence on people's perception towards life insurance

xxiv. $H_{3.b}$- Higher return generating scheme perception has influence on people's perception towards life insurance

xxv. $H_{3.c}$- Tax exempted return perception has influence on people's perception towards life

xxvi. $H_{3.d}$- Returning all the premium if policy lapsed perception has influence on people's perception towards life insurance

xxvii. $H_{3.e}$- Surrender value equivalent to accumulated premium perception has influence on people's perception towards life insurance

xxviii. Dependent variable- Perception of different life policy cover among 300 respondents

xxix. Independent variables- fixed return generating scheme, higher return generating scheme, tax exempted return, returning all the premium if policy lapsed, surrender value equivalent to accumulated premium perception.

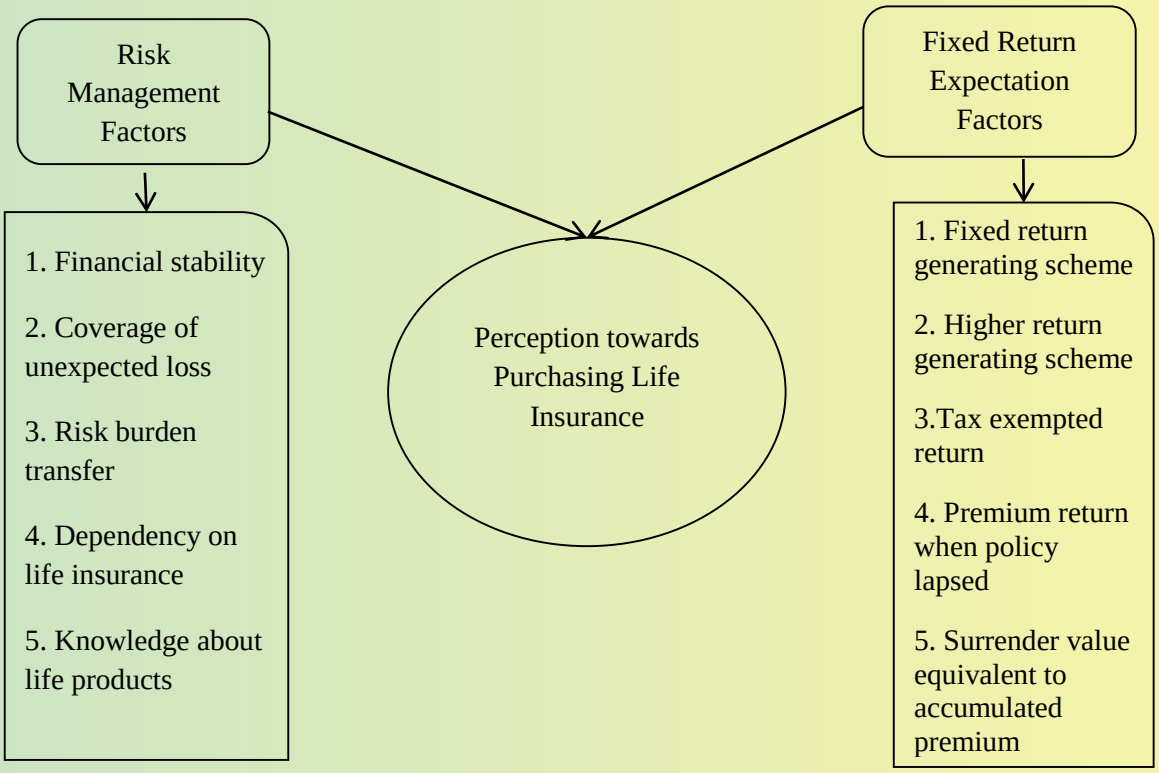

Figure: Perception towards Life Insurance Purchase

Data Analysis

Data are analyzed using SPSS version-23 to draw relationship between dependent variable and independent variables. Hypotheses are developed to show the influence of demographic factors and people's perception on purchasing different life insurance cover. Data has been tested considering significance level 5 percent.

Regression Analysis

Demographic factors and risk management as well as fixed return expectation factors have been regressed to show the effect on purchasing life insurance cover. Data set has found no multicolliniarity problem.

1.5 Theoretical Framework

Perception of the people towards buying different life cover- in this context, two main factors have been focused.

1. Risk management factor; and 2. Fixed return expectation factor

Risk Management Factors:

Life insurance mainly caters with protection against uncertainty and risk(s). To reduce or minimize risk factors involved in human life, people buy insurance. Risk management concept has been splited into five sub categories.

I) Financial Stability: In this study, financial stability means people assume life insurance cover can heavily reduce the financial instability during hardship. A person will buy any type of policy cover if s/he thinks the cover that s/he chooses will provide with sufficient ground in case of uncertainty arises.

II) Coverage of Unexpected Loss: Here, coverage of unexpected loss means insurance covers the unexpected loss of business/personal life. A person buys life insurance cover if s/he satisfies that the insurance cover will help by compensating in case of any unexpected loss of business/personal life.

III) Risk Burden Transfer: Risk burden transfer means having life cover promotes to take novel risk(s) and explore new dimensions transferring the risk onto the shoulder of insurance company. People's perception regarding this arises when they are satisfied provided life insurance cover is able to take the risk.

IV) Dependency on Life Insurance: Dependency on life insurance means only having life insurance cover is enough to cover and manage risk. People will buy life cover if they are assured that life insurance can be relied for covering and managing risk.

V) Knowledge on Life Insurance Cover: Knowledge on life insurance cover means many people presume all types of life policy cover are same. There are different covers designed for different needs. People will buy insurance having sufficient knowledge on different covers.

Fixed Return Expectation Factors

Fixed return or benefit expectation concept means people choose life insurance over other saving instruments to get the fixed and higher return. Sometimes, people are hardly convinced that life insurance coverage is purchased for being compensated in case of any uncertainty or risk(s) arises. They sometimes assume life insurance provides return as other saving tools offered by banks or any financial institutions. Fixed return expectation concept has been broken down into five sub categories.

I) Fixed Return Generated Scheme: Fixed return generated scheme means people assume life insurance cover generates fixed return to the insured. Sometimes people consider life insurance policy as a fixed return generating scheme like banking products rather than considering as a risk management tool.

II) Higher Return Generating Scheme: Higher return generating scheme means people consider buying life insurance as a tool of higher return which they may not gain from investing into banking products and other financial institutional schemes.

III) Earned Return are tax exempted: Tax exempted return means people presume the return generated from insurance policy is tax exempted and they do not get the same advantage from investing into banking schemes.

IV) Return Premium in case of Policy Lapsed: It means people many time do not want to continue the policy willingly or facing shortage of disposable money to be invested into insurance. Therefore, the policy becomes lapsed and people believe all the premium they invested should be got back. This is misnomer in the practice of insurance industry. People misunderstand this as they think insurance and banking services are same.

V) Surrender Value equivalent to Accumulated Premium: Here, it means after policy surrendering, people believe they would get back all the premium accumulated and invested into insurance cover not considering the surrender charge which is large for the insurance company.

For getting the clear concept about the perception of the people as regard to having life insurance considering cover types, life insurance policy covers have been categorized into five types.

1. Endowment Policy
2. Term Policy
3. Whole Life Policy
4. Money Back Policy
5. Other Policies

Table 1.1: Perception of Different Life Insurance Cover

Types of Life Insurance Cover	Perception	
	Response	Percent
Endowment Policy	52	17.3%
Term Policy	90	30%
Whole Life Policy	27	9%
Money Back Policy	120	40%
Other Policy	11	3.6%
N=	300	100.0%

In a nutshell, it can be said that majority (40 percent) of the respondents preferred to have money back policy followed by term policy (30 percent) and endowment policy (17.3 percent). It can be concluded that most of the people look forward to having money back policies in their insurance basket and to some extent considered this insurance tool as fixed return generating service only. On the contrary, other people have pure knowledge on having insurance and they carefully selected their scheme before purchasing life policy.

2. Data Analysis and Discussion

2.1 Analysis of Descriptive Statistics

Table:2.1 Age-wise People's Perception

Age Group	Frequency	Percent
18-35	169	56.3
35-50	88	29.3
Above 50	43	14.3
Total	300	100.0

Table 2.1 shows among all the respondents, a major portion of group occupies the age group between 18-35 where the percentage of respondents are 56.3 percent. It reflects that the majority of the people who understands about insurance is of young age group.

Table:2.2 Gender Wise People's Perception

Gender	Frequency	Percent
Male	165	55.0
Female	135	45.0
Total	300	100.0

Table 2.2 drawn by using the results of frequency distribution shows that male respondents are 55 percent and females are 45 percent. It clearly shows that both male and female parallelly participated in the survey.

Table:2.3 Income (Annually)

Income	Frequency	Percent
Less than Tk. 100000	86	28.7
Tk. 100000 to Tk. 300000	148	49.3
Tk. 300000 to Tk. 500000	37	12.3
Tk. 500000 and above	29	9.7
Total	300	100.0

Table 2.3 drawn by using the results of frequency distribution shows that among 300 respondents 49.3 percent people belong to the income group where they earn Tk. 1 lac to Tk. 3 lac annually. For buying life insurance policy, good income as well as disposable income is required.

People's perception towards life insurance here contains two variables; risk management tool and fixed return expectation.

Risk management tool in this research focuses here five questions which raise five straightforward perception of the people.

Table 2.4 Risk Management through Financial Stability

	Frequency	Percent	
Strongly Disagree	8	2.7	
Disagree	46	15.3	Mean 3.61
Neutral	43	14.3	Median 4.00
Agree	160	53.3	Mode 4.00
Strongly Agree	43	14.3	S.D. 0.997
Total	300	100.0	

In response to the statement '**Insurance can heavily reduce the risk of financial instability during hardship'** 53.3 percent of the respondents showed their agreement. Their perception concentrates on the fact that buying life insurance policy ensures them to be financially stable in case of hardship. The standard deviation of 0.997 shows comparatively less dispersion in response to the statement.

Table 2.5 Risk management through coverage of unexpected loss

	Frequency	Percent	
Strongly Disagree	9	3.0	
Disagree	49	16.3	Mean 3.5633
Neutral	43	14.3	Median 4.0000
Agree	162	54.0	Mode 4.00
Strongly Agree	37	12.3	S.D. 1.001
Total	300	100.0	

In response to the statement '**Insurance covers the unexpected loss of your business/personal life',** 54 percent of the respondents showed their agreement. Majority of the people in Bangladesh are of either low or middle income group. Unexpected losses bearing is much painful for them so the mechanism they prefer to minimize the contingencies by having life insurance. The standard deviation of 1.001 shows little dispersion regarding the perception over unexpected loss.

Table 2.6 Risk management through transferring risk burden

	Frequency	Percent	
Strongly Disagree	22	7.3	
Disagree	64	21.3	Mean 3.23
Neutral	64	21.3	Median 3.50
Agree	123	41.0	Mode 4.00
Strongly Agree	27	9.0	S.D. 1.108
Total	300	100.0	

In response to the statement **'Having insurance promotes you to explore new area by taking risk without the tension of negative financial outcome',** majority (41 percent of the respondents) showed their agreement. People need something that can transfer their risk burden. Exploring new opportunities involves much risk in the socio-economic environment of Bangladesh. People earnestly considers life insurance as resort with the help of it they can explore new arena of business. The standard deviation of 1.108 shows little dispersion regarding the perception over risk burden transfer.

Out of 300 respondents that have been chosen, who have or wish to have policy cover, highlighted their perception towards having life cover.

Table 2.7 Risk management through dependency on life insurance

	Frequency	Percent	
Strongly Disagree	40	13.3	
Disagree	126	42.0	Mean 2.66
Neutral	42	14.0	Median 2.00
Agree	79	26.3	Mode 2.00
Strongly Agree	13	4.3	S.D. 1.132
Total	300	100.0	

In response to the statement **'Only having insurance is enough to cover and manage risk',** majority (42 percent of the respondents) showed their disagreement. This kind of perception grows much dependency over life insurance. Only life insurance purchase cannot fix a person's all type of risk. It depends upon the benefits and coverage of the policy which clearly defines the policy coverage limit. The standard deviation of 1.108 shows little deviation regarding the perception over life insurance dependence.

Table 2.8 Risk management through knowledge of life insurance cover types

	Frequency	Percent	
Strongly Disagree	63	21.0	
Disagree	148	49.3	Mean 2.29
Neutral	38	12.7	Median 2.00
Agree	42	14.0	Mode 2.00
Strongly Agree	9	3.0	S.D. 1.043
Total	300	100.0	

In response to the question **'Are all types of life cover same?',** 49.3 percent of the people disagreed and 21 percent of the respondents strongly showed their disagreement. Basically, categories of life insurance implies their benefits and coverage. Term life insurance policies pay only death of the insured occurs during the term of the policy and whole life insurance policies pay whenever one dies. So, people should understand their need and select what type of insurance policy they actually need to have. The standard deviation of 1.043 shows little dispersion to this statement.

Fixed Return Expectation focuses here five questions which raise five unequivocal perception of the people.

Table 2.9 Fixed return expectation through considering Insurance as fixed benefit scheme

	Frequency	Percent	
Strongly Disagree	22	7.3	
Disagree	58	19.3	Mean 3.34
Neutral	53	17.7	Median 4.00
Agree	129	43.0	Mode 4.00
Strongly Agree	38	12.7	S.D. 1.144
Total	300	100.0	

In response to the statement **'Insurance is purchased to earn certain fixed return',** almost 43 percent respondents showed their agreement. Being interviewed, they opined the insurance products and services are quite similar to banks products and services. They consider life insurance as a fixed return generating scheme. The standard deviation of 1.144 shows little dispersion regarding the perception over fixed benefit scheme.

Table 2.10 Fixed return expectation through considering life insurance as comparatively highest benefit

	Frequency	Percent	
Strongly Disagree	22	7.3	
Disagree	62	20.7	Mean 3.21
Neutral	72	24.0	Median 3.00
Agree	118	39.3	Mode 4.00
Strongly Agree	26	8.7	S.D. 1.095
Total	300	100.0	

In response to the statement, **'The return on insurance products is high enough as compared to the other saving instruments',** almost 39.3 percent of the respondents

showed their agreement and 20.7 percent of the respondents showed their agreement. 24 percent of the people stayed in neutral position answering this question. Most of the people purchase life insurance product thinking as the next best alternative to other saving instruments. They think that they get highest return which any other saving instruments do not serve. The standard deviation of 1.095 shows little deviation to this statement.

Table 2.11 Fixed return expectation considering return earn from insurance is not taxed

	Frequency	Percent	
Strongly Disagree	10	3.3	
Disagree	52	17.3	Mean 3.38
Neutral	83	27.7	Median 4.00
Agree	124	41.3	Mode 4.00
Strongly Agree	31	10.3	S.D. 0.996
Total	300	100.0	

In response to the statement '**The return earn from the insurance policy is not subject to tax',** 41.3 percent respondents agreed to the statement. Being interviewed, majority respondents uttered that if they invest into other schemes rather than buying life insurance, their return from the scheme would be subject to tax. So, they consider life insurance as return generated from this is not subject to tax. The standard deviation of 0.996 shows little dispersion to this statement.

Table 2.12 Insurance company should reimburse all the premium in case of policy lapsed

	Frequency	Percent	
Strongly Disagree	9	3.0	
Disagree	47	15.7	Mean 3.61
Neutral	41	13.7	Median 4.00
Agree	158	52.7	Mode 4.00
Strongly Agree	45	15.0	S.D. 1.017
Total	300	100.0	

In response to the statement **'Insurance company should reimburse all the premium in case of policy lapsed',** 52.7 percent respondents showed their agreement to this. People mix life insurance with conventional banking products and they think their full given premium should be reimbursed by the insurance company. The concept of the people is not right, as life insurance schemes provide assurance in case of any contingency where bank products do not do so. The standard deviation of 1.017 shows little dispersion regarding the perception over lapsed policy.

Table 2.13 Should surrender value be equivalent to given accumulated premium?

	Frequency	Percent	
Strongly Disagree	18	6.0	
Disagree	57	19.0	Mean 3.31
Neutral	62	20.7	Median 4.00
Agree	140	46.7	Mode 4.00
Strongly Agree	23	7.7	S.D. 1.054
Total	300	100.0	

In response to the statement **'Should surrender value be equivalent to given accumulated premium?',** almost 47 percent respondents agreed to this. The perception is quite vague as cash value should be less than the surrender value. Insurance company adjusts the premium payment for initial year or next to that with a major service charge. The people surrenders within year one or two, have to be considered a lump sum amount of service charge i.e. surrender value. Some insurance company charge low amount of surrender value if the surrender by the policyholder occurs after three or later period. The standard deviation of 1.054 shows little dispersion regarding the perception over surrender value.

2.2 Perception towards Choosing Life Insurance Cover: Demographic Profile

2.2.1 Pearson Correlation and Regression Analysis of Demographic Profile

Hypothesis 1:

Hypothesis 1 is developed to show the influence of people's demographic profile on purchasing life insurance based on cover types. Using the data of dependent and independent variables of 300 respondents, the result has been interpreted.

In the study, Gender, Age and Income have been considered as major demographic factors influencing people to purchase life insurance based on types of policy cover. Correlations of gender, age and income are -.336, -.063 and .418 respectively which show weaker strength between dependent factor and independent factors individually. Here R^2 value is 0.280 which is so poor to determine the dependent variable caused by independent variable. P-values of gender, age and income all are individually less than 0.05 as well as the value of F=38.372 is higher which show strong evidence against alternative hypothesis to be accepted and concludes with the significant notion that demographic factors have association or impact on the people's choosing life policy considering types of cover. **(details are given into Appendix 1)**

In conclusion, it can be said that moderate relation (R=0.529) between the demographic profile of the people and perception regarding choosing policy cover and poor ($R^{2=}$0.280) have been observed. In addition, all the three factors showed significant relation (p value less than 0.05) which infers strong evidence of accepting alternative hypothesis; there is an association between demographic factors and people's buying tendency of life insurance considering types of cover.

2.3 Perception towards Choosing Life Insurance Cover: Risk Management Factors and Fixed Return Expectation Factors

2.3.1 Perception towards Choosing Life Insurance Cover: Analysis of Risk Management Factors

Hypothesis 2:

Hypothesis 2 is developed to show the influence of risk management factors on purchasing various life insurance cover. In the study, Risk Management factors are developed into five sub categories; I) Financial Stability, ii) Coverage of Unexpected Loss, iii) Risk Burden Transfer, iv) Dependency on Life Insurance, v) Knowledge on Life Insurance Cover Types.

Using the data of dependent and independent variables of 300 respondents, the following result has been interpreted.

Pearson Correlation has been conducted on these five factors individually and it showed financial stability (0.092), coverage of unexpected loss (0.066), risk burden transfer (0.076), dependency on life insurance (-.052) and knowledge in life insurance cover types (0.073). Correlation showed here weaker strength between dependent factor and independent risk management factors.

Conducting regression analysis, here R^2 value is 0.027 which is very poor to determine the perception towards different life insurance cover purchase caused by risk management factors. P-values of financial stability (0.177), coverage of unexpected loss (0.512), risk burden transfer (0.308) and knowledge in life insurance cover types (0.143) are highly non-significant which can be concluded that there are no influence of these factors on people's purchasing life insurance cover. The remaining factor dependency on life insurance of which the p-value is .077 which is close to .05; giving the signal of having association with purchasing life insurance cover and it can be explained in a way that majority of the people here do belong to Tk 1-3 lac income (annually) group. They invest in life insurance cover thinking that the only thing that can save them in contingency is life insurance cover regardless of any terms and condition given by insurance company. **(details are given into Appendix 2)**

In summary, it can be concluded that all the five factors except dependency on life insurance factor showed insignificant relation (p value much greater than 0.05) which infers strong evidence of accepting null hypothesis; there is no association between risk management factors and people's buying tendency of life insurance considering types of cover. Nonetheless, dependency on life insurance factor has little association with the perception of buying life cover.

2.3.2 Perception towards Choosing Life Insurance Cover: Analysis of Fixed Return Expectation Factors

Hypothesis 3:

Hypothesis 3 is developed to show the influence of fixed return expectation factors on purchasing various life insurance cover. In the study, Fixed Return Expectation factors

are also developed into five sub categories; I) Fixed Return Generated Scheme , ii) Higher Return Generating Scheme, iii) Earned Return are tax exempted, iv) Return Premium in case of Policy Lapsed, v) Surrender Value equivalent to Accumulated Premium.

Using the data of dependent and independent variables of 300 respondents, the following result has been interpreted.

Pearson Correlation has been conducted on these five factors individually and it showed fixed return generating scheme (-0.083), higher return generating scheme (-0.010), tax exempted return (0.018), returning all premium if policy lapsed (-.043) and surrender value equivalent to premium accumulated (-0.038). Correlation showed here weaker strength between dependent factor and independent risk management factors.

Through regression analysis, value of R^2 is .008 which shows very poor variation that can explain the perception towards different life insurance cover purchase influenced by fixed return expectation factors. P-values of individual factors i.e. fixed return generating scheme (0.245), higher return generating scheme (0.990), tax exempted return (0.611), returning all premium if policy lapsed (0.633) and surrender value equivalent to premium accumulated (0.922) showed highly insignificant relation which can be concluded that there are no influence of fixed return expectation factors on people's purchasing life insurance cover. **(details are given into Appendix 3)**

In conclusion, it can be inferred that all the five factors showed insignificant relation (p value much greater than 0.05) which infers strong evidence of accepting null hypothesis that there is no association between fixed return expectation factors and people's buying tendency of various life insurance cover.

2.3.3 Perception towards Choosing Life Insurance Cover: Combining Risk Management Factors and Fixed Return Expectation Factors

The study revealed individual factors of risk management and fixed return expectation have insignificant relation with people's purchasing perception of various life insurance cover. However, the study needs to be more specific whether two main factors are insignificant in the same level or not.

For the purpose of the study, all sub factors are compiled into two major factors; I) risk management factors, ii) fixed return expectation factors to compare the significance level with the perception of purchasing life insurance cover.

Through conducting regression analysis, the result showed R^2=0.013; 1.3 percent variation that can be predicted by independent factors (Risk Management and Fixed Return Expectation) on dependent factor (Purchasing Perception of Life Insurance Cover) which is very low. P-values of both risk management (.088) and fixed return expectation (.185) factors are insignificant (greater than 0.05) but risk compared to fixed return expectation factors, risk management factors are close to .05; the explanation can be made with this is that risk management factors have little influence on purchasing perception of life insurance cover compared to fixed return expectation factors.

Analyzing the multi-collinearity among the predictors, VIF (variance inflation factor)=1.042 and Tolerance Level 0.960 said that there is no multicollinearity problem remains among the predictors. **(details are given into Appendix 4)**

3. Conclusion:

Insurance policy is a mechanism of risk management or an investment that can hedge risk(s). Perception of the most of the people of Bangladesh is to consider insurance products as a fixed return generating scheme just like banking product. The study could work as a catalyst for those who purchase insurance not to hedge risk(s) against their lives and assets but invest to get the fixed return back. To carry out the research, the author has conducted statistical analysis with the help of SPSS. The output showed that the demographic factors may influence people's buying tendency of different life insurance covers. The output also showed that risk management factors compared to fixed return expectation factors have little influence over the people's perception towards purchasing different life insurance covers. Insurance industry has a great future in the context of Bangladesh, the thumb rule is to let people know that the life insurance should be considered as a risk management tool and not as a mechanism of fixed return generating scheme.

Acknowledgements

The research work is supported by The Comilla University, Cumilla, Bangladesh under Research and Extension Cell of Registrar Office, research project-485/2013/15885.

Appendix 1

Correlation among Perception (Types of Policy Cover) -

Correlations

		Perception	Gender	Age	Income
Perception	Pearson Correlation	1	-.336	-.063	.418
	Sig. (1-tailed)		.000	.139	.000
	N	300	300	300	300
Gender	Pearson Correlation	-.336	1	-.104	-.256
	Sig. (1-tailed)	.000		.036	.000
	N	300	300	300	300
Age	Pearson Correlation	-.063	-.104	1	.338
	Sig. (1-tailed)	.139	.036		.000
	N	300	300	300	300
Income	Pearson Correlation	.418	-.256	.338	1
	Sig. (1-tailed)	.000	.000	.000	
	N	300	300	300	300

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.529[a]	.280	.273	1.050

a. Predictors: (Constant), Income, Gender, Age

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	126.840	3	42.280	38.372	.000[b]
	Residual	326.146	296	1.102		
	Total	452.987	299			

a. Dependent Variable: Perception
b. Predictors: (Constant), Income, Gender, Age

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.914	.253		11.523	.000
Gender	-.616	.126	-.249	-4.887	.000
Age	-.397	.088	-.235	-4.487	.000
Income	.598	.074	.434	8.048	.000

a. Dependent Variable: Perception

Appendix 2

Correlation among Perception and Risk Management Factors

Correlations

		Perception	Financial Stability	Coverage of Unexpected Loss	Risk Burden Transfer	Dependency on Life Insurance	Knowledge of Life Insurance Cover Types
Perception	Pearson Correlation	1	.092	.066	.076	-.052	.073
	Sig. (1-tailed)		.055	.128	.095	.186	.105
	N	300	300	300	300	300	300
Financial Stability	Pearson Correlation	.092	1	.162	.135	.142	.146
	Sig. (1-tailed)	.055		.002	.010	.007	.006
	N	300	300	300	300	300	300
Coverage of Unexpected Loss	Pearson Correlation	.066	.162	1	.214	.056	.075
	Sig. (1-tailed)	.128	.002		.000	.168	.096
	N	300	300	300	300	300	300
Risk Burden Transfer	Pearson Correlation	.076	.135	.214	1	.169	.154
	Sig. (1-tailed)	.095	.010	.000		.002	.004
	N	300	300	300	300	300	300
Dependency on Life Insurance	Pearson Correlation	-.052	.142	.056	.169	1	.394
	Sig. (1-tailed)	.186	.007	.168	.002		.000
	N	300	300	300	300	300	300
Knowledge of Life Insurance Cover Types	Pearson Correlation	.073	.146	.075	.154	.394	1
	Sig. (1-tailed)	.105	.006	.096	.004	.000	
	N	300	300	300	300	300	300

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.165[a]	.027	.011	1.224

a. Predictors: (Constant), Knowledge of Life Insurance Cover Types, Coverage of Unexpected Loss, Financial Stability, Risk Burden Transfer, Dependency on Life Insurance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.305	5	2.461	1.642	.149[b]
	Residual	440.682	294	1.499		
	Total	452.987	299			

a. Dependent Variable: Perception

b. Predictors: (Constant), Knowledge of Life Insurance Cover Types, Coverage of Unexpected Loss, Financial Stability, Risk Burden Transfer, Dependency on Life Insurance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.152	.385		5.583	.000
	Financial Stability	.099	.073	.080	1.353	.177
	Coverage of Unexpected Loss	.048	.073	.039	.656	.512
	Risk Burden Transfer	.068	.067	.061	1.021	.308
	Dependency on Life Insurance	-.122	.069	-.112	-1.772	.077
	Knowledge of Life Insurance Cover Types	.109	.075	.093	1.469	.143

a. Dependent Variable: Perception

Appendix 3
Correlation among Perception and Fixed Return Expectation

Correlations

		Perception	Fixed Return Generated Scheme	Higher Return Generating Scheme	Return Generated are Tax Exempted	Return Premium in case of Policy Lapsed	Surrender Value equivalent to Accumulated Premium
Perception	Pearson Correlation	1	-.083	-.010	.018	-.043	-.038
	Sig. (1-tailed)		.075	.434	.375	.226	.254
	N	300	300	300	300	300	300
Fixed Return Generated Scheme	Pearson Correlation	-.083	1	.134	.055	.279	.336
	Sig. (1-tailed)	.075		.010	.170	.000	.000
	N	300	300	300	300	300	300
Higher Return Generating Scheme	Pearson Correlation	-.010	.134	1	.106	.078	-.005
	Sig. (1-tailed)	.434	.010		.033	.089	.463
	N	300	300	300	300	300	300
Return Generated are Tax Exempted	Pearson Correlation	.018	.055	.106	1	.289	-.046
	Sig. (1-tailed)	.375	.170	.033		.000	.215
	N	300	300	300	300	300	300
Return Premium in case of Policy Lapsed	Pearson Correlation	-.043	.279	.078	.289	1	.191
	Sig. (1-tailed)	.226	.000	.089	.000		.000
	N	300	300	300	300	300	300
Surrender Value equivalent to Accumulated Premium	Pearson Correlation	-.038	.336	-.005	-.046	.191	1
	Sig. (1-tailed)	.254	.000	.463	.215	.000	
	N	300	300	300	300	300	300

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.091[a]	.008	-.009	1.236

a. Predictors: (Constant), Surrender Value equivalent to Accumulated Premium, Higher Return Generating Scheme, Return Generated are Tax Exempted, Return Premium in case of Policy Lapsed, Fixed Return Generated Scheme

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.786	5	.757	.496	.779[b]
	Residual	449.200	294	1.528		
	Total	452.987	299			

a. Dependent Variable: Perception

c. Predictors: (Constant), Surrender Value equivalent to Accumulated Premium, Higher Return Generating Scheme, Return Generated are Tax Exempted, Return Premium in case of Policy Lapsed, Fixed Return Generated Scheme

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.124	.421		7.420	.000
	Fixed Return Generated Scheme	-.080	.069	-.075	-1.166	.245
	Higher Return Generating Scheme	-.001	.066	-.001	-.012	.990
	Return Generated are Tax Exempted	.038	.076	.031	.509	.611
	Return Premium in case of Policy Lapsed	-.037	.077	-.030	-.478	.633
	Surrender Value equivalent to Accumulated Premium	-.007	.073	-.006	-.098	.922

a. Dependent Variable: Perception

Appendix 4

Combining Both RM and FR

Correlation

Correlations

		Perception	Risk_Management	Fixed_Return
Perception	Pearson Correlation	1	.085	-.058
	Sig. (1-tailed)		.071	.159
	N	300	300	300
Risk_Management	Pearson Correlation	.085	1	.200
	Sig. (1-tailed)	.071		.000
	N	300	300	300
Fixed_Return	Pearson Correlation	-.058	.200	1
	Sig. (1-tailed)	.159	.000	
	N	300	300	300

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.114[a]	.013	.006	1.227	.013	1.970	2	297	.141

a. Predictors: (Constant), Fixed_Return, Risk_Management

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.932	2	2.966	1.970	.141[b]
	Residual	447.055	297	1.505		
	Total	452.987	299			

a. Dependent Variable: Perception
b. Predictors: (Constant), Fixed_Return, Risk_Management

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	2.747	.496		5.535	.000	1.770	3.724		
Risk_Management	.203	.119	.101	1.712	.088	-.030	.437	.960	1.042
Fixed Return	-.161	.122	-.078	-1.327	.185	-.401	.078	.960	1.042

a. Dependent Variable: Perception_towards_Life_Policy_Cover

References

Beckett, A., Hewer, P. and Howcroft, B. (2000). An Exposition of Consumer Behaviour in the Financial Services Industry. *International Journal of Bank Marketing*, *18*, pp. 15-26. DOI: https://doi.org/10.1108/02652320010315325

Chaudhary,S. (2016). Consumer Perception Regarding Life Insurance Policies: A Factor Analytical Approach. *Pacific Business Review International*, *9*, pp. 52-61.

Fukukawa, K. (2002). Developing a Framework for Ethically Questionable Behavior in Consumption. *Journal of Business Ethics*, *41*, pp. 99-119.

Islam, N., and Mamun, M. (2017). Buying Factors of Life Insurance Policies in Bangladesh. *SSRN Electronic Journal*, pp. 1-13. DOI:https://dx.doi.org/10.2139/ssrn.3082125

Karim, M. N. (1999). Evaluation of Life Insurance as a Mode of Investment. *Insurance Journal, Bangladesh Insurance Academy*, *50*, pp. 39-42.

Mahajan, K. (2013). Analysing Consumer Decision Making Process in Life Insurance Services. *International Journal of Marketing, Financial Services & Management Research*, *2*, pp. 60-68.

Siddiqui, H.G. A., Islam, M. S., and Chowdhury, M. J. A.(1995). Life Insurance Business in Bangladesh–An Evaluation. *Insurance Journal, Bangladesh Insurance Academy, Dhaka.*

Tripathi, P.K. (2008). Customer Buying Behaviour with a Focus on Market Segmentation. *Summer Training Project, Chandigarh Business School Mohali*, pp. 42-46.