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ISSUE ON PERCEPTION OF LIFE INSURANCE AMONG MILLENNIALS

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ABSTRACT

Life insurance plays a significant role in ensuring financial security, yet its acceptance among millennials remains uncertain. This study examines the perception of millennials towards life insurance, with particular emphasis on their knowledge, involvement, and awareness regarding life insurance policies. The research seeks to understand whether these factors influence their decision to purchase or avoid life insurance. Primary data were collected through structured questionnaires and personal interviews from 60 respondents in the Singanallur region of Coimbatore, while secondary data were sourced from books, journals. The chi-square test was applied to analyse the association between perception and the selected variables. The study highlights a gradual shift in mindset among millennials, indicating growing recognition of life insurance as an essential component of long-term financial planning.

Keywords *– Life Insurance, Millennials, Perception, Financial Planning and Insurance Policies.*

INTRODUCTION

Life insurance is regarded as one of the contracts between the insurance money in return for a premium upon the death of the insured person or after the completion of a set period. So, a large part of the population has been buying life insurance. Therefore, this study provides about the perception of millennials on buying and non – buying of life insurance policies.

STATEMENT OF THE PROBLEM

Nationwide, about 34% (440 million) of the country comprises young adults also called millennials. But there is a greater grey area on their perception with respect to involvement in the buying of life insurance. The policies of life insurance were a part of securing the lives of the insured persons by the insurance company on paying a sum of premiums. A large set of adult population invest in the various types of life insurance policies in order to secure their lives from their unfortunate death and for their financial security.

REVIEW OF LITERATURE

Murthy and Sarma (2019), in Modern Law of Insurance, analyzed the nature and scope of life insurance and outlined the events covered under life insurance policies. Their work offers a clear legal perspective on life insurance as a mechanism for risk coverage and financial security.[1]

M. N. Srinivasan's *Principles of Insurance Law* (2021) clarifies the doctrine of insurable interest as a fundamental requirement for the validity of a life insurance contract. Srinivasan explains that life insurance contracts must be supported by an insurable interest at the inception of the policy to prevent wagering and ensure enforceability under insurance law.[2]

Dr. D. Rajasekar and T. Hymavathi Kumari (2014), in their article *Life Insurance Industry in India – An Overview,* provided an overview of the development of the life insurance industry in India. The authors traced its historical evolution, including nationalization and later reforms, and discussed major regulatory milestones influencing industry structure and growth.[3]

Dr. N. Senthilkumar and K. Selvamani's work (2016) *Life Insurance Industry in India*focused on the introduction of new insurance products and identified major life insurance schemes operating in India. Their study highlights the diversification of life insurance offerings by Indian insurers in response to market competition and customer needs.[4]

OBJECTIVES OF THE STUDY

1. To study the perception of life insurance among millennials
2. To analysis their knowledge with respect to the perception of life insurance among millennials

[1]K.S.N. Murthy & K.V.S. Sarma, *Modern Law of Insurance in India* 45–47 (6th ed. LexisNexis 2019).
[2]M. N. Srinivasan, *Principles of Insurance Law* 11th ed. (LexisNexis 2021).
[3]D. Rajasekar & T. Hymavathi Kumari, *Life Insurance Industry in India – An Overview*, Global Journal of Commerce & Management Perspective, Vol. 3, No. 2 (2014), pp. 50–59.
[4]N. Senthilkumar & K. Selvamani, *Life Insurance Industry in India – An Overview*, International Journal of Research – Granthaalayah, Vol. 4, No. 10 (Oct. 2016).

3. To evaluate their involvement with respect to the perception of life insurance among millennials
4. To familiarize with their awareness with regard to life insurance among millennials

HYPOTHESES OF THE STUDY

KNOWLEDGE:

There is significant association between the perception of life insurance and Knowledge among millennials

INVOLVEMENT:

There is a significant association between the perception of life insurance and Involvement among millennials

AWARENESS:

There is a significant association between the perception of life insurance and Awareness among millennials

SCOPE AND LIMITATION OF THE STUDY

This study examines the perception of millennials on life insurance. It further emphasizes the knowledge of the millennials on life insurance which results in their involvement towards the life insurance policies and schemes provided under different institutions. It also provides the awareness of the millennials on life insurance and its wider implications and effects on one's life. This study also inquiries into the age being the factor for the knowledge, involvement and awareness of life insurance among millennials.

The present study is subject to the following limitations.

1. The study is confined to the Singanallur, Coimbatore. Hence, the results of the study shall not be generalized.
2. This study especially deals with the samples of the respondents belonging to the age group of 20 years of age to 45 years of age.
3. This study also includes samples of professionals involved in the field of life insurance and several other insurance policies.

RESEARCH METHODOLOGY

Primary sources collected through sampling, questionnaires, and personal interviews. Whereas the secondary sources collected through the collection of materials from websites, journal articles and internal records, published sources of data collected from various research papers.

Sample size: 60 samples of merchant bank user in Coimbatore region

Data collection: questionnaire is sent to the people and personal interview attend in the Coimbatore region.

Statistical tool used: chi-square

2.1 KNOWLEDGE

A life insurance policy is a contract with an insurance company whereby the insured promises to pay a uniform rate of premium at fixed interval of time against which the insurer agrees to pay a fixed amount on the happening of the event which may be the death of the insured or expiry of a certain number of years. Thus, in exchange for premium payments, the insurance company provides a lump-sum payment, known as death benefit, to the beneficiaries upon the insured's death. Life Insurance is defined as a contract between the policy holder and the insurance company, where the life insurance company pays a specific sum to the insured family upon his death. The life insurance sum is paid in exchange for a specific amount of premium.[5]

2.2 DATA ANALYSIS AND INTERPRETATION:

PEARSON CHI SQUARE	VALUE
1	0.008
2	0.089
3	0.180
4	0.576
AVERAGE	0.421

Interpretation:

The Pearson chi square value for the above crosstabs is 0.008, 0.089, 0.180, 0.567and the average of the following chi square knowledge is 0.421. Therefore, the result of the experiment is statistically insignificant for the above hypothesis. Thus, it can be concluded that perception of millennials regarding life insurance and knowledge are not associated.

3.1 INVOLVEMENT:

There are several ways to get the millennials involved with life insurance. The millennials can purchase a life insurance policy to protect themselves and their family members financially in the event of their death. This can be done by involving themselves specifically the millennials, by researching different types of policies, assessing the needs, and selecting coverage that aligns with the goals according to the millennials' needs.

To make the millennials to get involved in the buying of life insurance policies en masse, it is essential and imperative to give access to the millennials about the benefits of life insurance schemes and policies, The benefits of life insurance are mentioned below.

[5] *Life Insurance – Unit II.* Government Arts College, Bargur. https://gacbe.ac.in/pdf/ematerial/18BCO32C-U2.pdf (last visited Feb. 08, 2024).

3.2 DATA ANALYSIS AND INTERPRETATION:

PEARSON CHI SQUARE	VALUE
1	0.250
2	0.128
3	0.025
4	0.068
AVERAGE	0.42

Interpretation:

The Pearson chi square value for the above crosstabs is 0.250, 0.128, 0.025, and 0.068 and the average of the following chi square for knowledge is 0.42. Therefore, the result of the experiment is statistically insignificant for the above hypothesis. Thus, it can be concluded that perception of millennials regarding life insurance and knowledge are not associated.

4.1 AWARENESS:

To change the perception of life insurance among the millennials, it is vital to raise awareness about life insurance: It is important to help the millennials understand why life insurance is important. It is important to highlight the financial protection it provides to themselves and their family members in the event of the insured’s death, covering expenses like funeral costs, debts, and ongoing living expenses.

Further it is important to educate the types of Coverage of life insurance policies and essential to educate the millennials about the different types of life insurance, such as term life and permanent life (whole life, universal life), and help them understand which type may be suitable for their needs and circumstances.

Awareness regarding assessing the Coverage Needs: It is high time to encourage the millennials to assess their coverage needs based on factors like their age, income, dependents, debts, and future financial goals. This ensures they have adequate coverage to protect themselves and their family members financially.

Awareness on Health and Lifestyle Impact: Highlighting how health and lifestyle factors can affect life insurance premiums and eligibility is essential for buying life insurance. The awareness also includes encouraging the millennials to maintain a healthy lifestyle and disclose accurate information during the application process to obtain the best possible rates. So, awareness should be provided to the millennials to disclose complete and true information to the insurance company to enjoy the full benefits of life insurance policies.

4.2 DATA ANALYSIS AND INTERPRETATION

PEARSON CHI SQUARE	VALUE
1	0.348
2	0.195
3	0.011
4	0.031
AVERAGE	0.561

Interpretation:

The Pearson chi square value for the above crosstabs is 0.348, 0.195, 0.011 and 0.031 and the average of the following chi square for knowledge is 0.561. Therefore, the result of the experiment is statistically insignificant for the above hypothesis. Thus, it can be concluded that perception of millennials regarding life insurance and knowledge are not associated.

CONCLUSION AND SUGGESTIONS

5.1 CONCLUSION:

The perception of millennials on life insurance seems to be evolving. While some still view it as unnecessary, many are recognizing its importance in providing financial security for their loved ones. As millennials continue to prioritize financial planning and family protection, the adoption of life insurance may increase significantly in the coming years. Millennials are increasingly realizing the importance of life insurance as they navigate major life milestones like buying homes, starting families, and advancing in their careers. This demographic is embracing the need for financial security and protection against unexpected events, shifting away from the perception that life insurance is solely for older generations. With greater awareness of its benefits and flexible policy options, millennials are poised to become a significant demographic in the life insurance market, ensuring their loved ones are safeguarded in the future.

5.2 FINDINGS:

On analyzing and interpreting the hypotheses and data collected, the findings the research states are as follows:

1. From the above-mentioned hypothesis, it is proved that the perception of the millennials regarding life insurance policies and knowledge are not statistically significant. Hence, there is no significant association between the perception of millennials and the knowledge of life insurance
2. From the above mentioned second hypothesis, there is no statistical Significance of association between the perception of millennials and the involvement of life insurance. The test results show that there is a significant

amount of involvement among the millennials regarding the buying of life insurance. So, the second hypothesis has no significant association between the perception of millennials and the involvement of life insurance among millennials

3. From the above mentioned third hypothesis, there is no statistical Significance of association between the perception of millennials and the awareness of life insurance. The test results show that there is a significant amount of awareness among the millennials regarding the buying of life insurance. So, the third hypothesis has no significant association between the perception of millennials and the awareness of life insurance among millennials. Overall, these findings suggest a shifting paradigm among millennials towards viewing life insurance as a proactive and integral part of their financial planning and family protection strategies.

5.3 SUGGESTIONS:

Based on the findings, here are some suggestions for insurers and financial institutions to better cater to the perception of millennials on life insurance. They are as follows,

Educational Campaigns: Launch targeted educational campaigns to raise awareness about the importance and benefits of life insurance among millennials. Focus on explaining complex terms and concepts in simple, relatable language to make it more accessible.

Customized Products: Develop customizable life insurance products that cater to the specific needs and preferences of millennials, such as flexible coverage options, adjustable premiums, and integrated investment features.

Digital Innovation: Invest in digital platforms and tools that streamline the process of researching, purchasing, and managing life insurance policies. Offer mobile-friendly apps, online chat support, and interactive calculators to enhance the user experience.

Transparency and Trust: Emphasize transparency in pricing, policy terms, and claims processes to build trust with millennials. Provide clear and concise information about the coverage provided and potential benefits to demonstrate value.

Engagement with Social Media: Leverage social media platforms to engage with millennials and share informative content about life insurance. Utilize influencer partnerships, interactive quizzes, and storytelling to make the topic more engaging and relatable.

Community Building: Create online communities or forums where millennials can share experiences, ask questions, and seek advice about life insurance.

Encourage peer-to-peer interactions and provide expert guidance to address concerns and build confidence.

Financial Wellness Programs: Offer holistic financial wellness programs that incorporate life insurance education as part of a broader strategy for financial planning. Provide resources on budgeting, saving, and investing to empower millennials to make informed decisions.

by implementing these suggestions, insurers can better align their products and services with the evolving perception and needs of millennials regarding life insurance, ultimately fostering greater engagement and uptake within this demographic.

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