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Louisiana State University and Agricultural & Mechanical College

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    THE LIFE INSURANCE PRODUCT, PRICE AND PROMOTION.

    The Louisiana State University and Agricultural
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AN EMPIRICAL INVESTIGATION OF ATTITUDES

TOWARD THE LIFE INSURANCE PRODUCT, PRICE AND PROMOTION

A Dissertation

Submitted to the Graduate Faculty of the
Louisiana State University and
Agricultural and Mechanical College
in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy

in

The Department of Marketing

by
Odies Collins Ferrell
B.A., Florida State University, 1964
M.B.A., Florida State University, 1966
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Abstract

Research conducted by the Institute of Life Insurance indicates
that consumers view life insurance as a necessity, but the purchase of
life insurance produces more consumer discontent than is generated in
most other product fields. The major purpose of this research is the
scientific analysis and investigation of consumer anxiety as it is
related to the life insurance product, price and promotion.

The major focus of the research is on the delineation of factors
to measure attitudes toward life insurance--product, price and pro-
motion--and to determine the socio-economic influences of attitudes
toward life insurance. Socio-economic influences investigated include
economic liberalism, attitudes toward big business, support for govern-
ment control and regulation, quantity of life insurance owned, age,
education of husband and wife, occupational status of husband and wife
and number of children per family.

The findings are based on 475 personal interviews conducted with
male household heads in three metropolitan areas. A multi-stage area
sample, with 154 interviews in Denver, Colorado, 162 interviews in
New Orleans, Louisiana and 159 interviews in Miami, Florida, provides
the data for the analysis.

Three multivariate statistical methods are used to analyze the
survey results. Factor analysis is used to delineate distinct clusters
of interrelated attitudes toward product, price and promotion. Canoni-
cal analysis is utilized to determine the correlation index between two

factors or clusters of socio-economic variables. Stepwise multiple
regression is used to determine the relationship of independent socio-
economic variables to a dependent variable such as life insurance
coverage.

As respondents increase in education, occupational status and age,
they tend to own more life insurance. As those surveyed tend to support
government control and regulation, to be anti-business and economically
liberal, they own less life insurance. All socio-economic variables
are related to life insurance coverage except number of children per
family. One-half of the respondents want the government to provide
some degree of life insurance protection for all families.

The delineation of factors related to price, promotion and product
indicates that respondents are very positively oriented toward owner-
ship of life insurance and desire more information on the price of life
insurance. Most of those surveyed indicate much anxiety and hostility
toward the life insurance promotion and selling techniques used by
agents.

Supplementary findings related to promotion indicate that group
programs are the most approved method of purchasing life insurance.
Two-thirds of those surveyed would prefer to purchase all types of
policies from well-known companies through their company or trade union.
Half of the respondents would prefer purchasing life insurance from a
credit union than from an agent.

Several policy recommendations are suggested for the life insur-
ance industry and the government. The recommendations are based on a
literature search and an in-depth investigation of consumer attitudes.

The dissertation is concluded with a brief discussion of several promising areas for future research. It is suggested that more research be conducted related to the underlying causes of discontent in the life insurance industry. The government can be of great assistance by encouraging evaluation and analysis of ways in which the private enter- prise system can serve the needs of an underinsured nation.

CHAPTER ONE

INTRODUCTION

Much of the economic security gained by individuals in the United States has resulted from the development of life insurance programs to protect against unpredictable contingencies. Research indicates that most consumers view life insurance as a necessity, but consumers are generally not confident about their ability to comprehend various alternatives, and make reasoned decisions concerning life insurance.[1] The lack of confidence in one's own knowledgeability and the absence of rational criteria for deciding on the amount of life insurance coverage are symptoms which indicate that the purchase of life insurance produces more anxiety than is generated by purchase in most other product fields.[2]

The major objective of this research is to identify and analyze the influences exerted by consumer attitudes toward life insurance. The main focus of the research centers on delineation of factors designed to measure attitudes toward the life insurance product, its price and its promotion. Once product, price and promotion factors are delineated, socio-economic influences toward life insurance attitudes are examined. The study is based on the assumption that con-

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[1]William E. Kingsley, "Consumerism Implications From the MAP Research Program" A Speech to the Meeting of the Midwest Training Director's Association, West Lafayette, Indiana (May 13, 1971), p. 8.

[2]Ibid.

sumer orientation is in the best interest of the life insurance industry and of society.

I.   STATEMENT OF THE PROBLEM

The problem, briefly stated is, do selected socio-economic variables influence attitudes toward ownership of the life insurance product, attitudes toward life insurance promotional activities and attitudes toward the price of life insurance? The socio-economic variables to be used are economic liberalism, attitudes toward big business, support for government control and regulation, quantity of life insurance owned, age, education, occupational status and number of children per family.

The main focus of the research has two aspects. The first aspect is a determination of empirical concepts which describe consumer attitudes toward life insurance. The second aspect is the correlation of these attitudes with socio-economic influences of attitudes toward life insurance.

II.   PURPOSE OF THE STUDY

Much attention has been focused on the customer and the company's role in integrating efforts to provide consumer satisfaction. Most businesses, however, are still essentially product and process-oriented.[3] Additional evidence of a failure to provide consumer satisfaction is found in the deterioration of relations between business on the one hand and the public and government on the other. These

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[3]William Lazer, Marketing Management: A Systems Perspective, (New York: John Wiley & Sons, 1971), p. 23.

developments include events which are called "consumerism."[4] The pur-

pose of this research is to analyze the "discontented consumer"[5] in the

life insurance industry.

> The discontented consumer is not part of a homo-
> geneous group with easily described complaints.
> The fact is, great variation exists among con-
> sumers in the extent of their discontent and
> there is a wide variety of underlying causes.
> Nonetheless, it is possible to distinguish
> specific sources of discontent that are trace-
> able to the marketing environment from other
> more pervasive concerns with the nature of
> society.

While most life insurance industry research has been conducted to

learn more about the technical aspects of combating a poor public

image, very limited scientific research has been conducted to investi-

gate the nature of discontent. This research is designed to provide

an empirical guide to consumer anxieties toward life insurance. In

addition, this study could serve as a basic conceptual framework for

further attitude research in the life insurance area.

III. GENERAL OBJECTIVE

The general objective is to test three major hypotheses related

to attitudes toward the life insurance product, price and promotion.

The hypotheses are null hypotheses which state that there is no sig-

nificant difference between two or more groups in regard to a depen-

dent variable or that no relationship exists between sets of dependent

variables. The null hypothesis is used for statistical convenience,

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[4]Martin Bell and William Emory, "The Faltering Marketing Concept," Journal of Marketing, XXXV, (October, 1971), p. 37.

[5]George S. Day and David A. Aaker, "A Guide to Consumerism," Journal of Marketing, XXXIV, (July, 1970), p. 15.

for hypothesis rejection at the .05 or .01 level of statistical signifi-

cance. The three general hypotheses are:

1. No significant relationship exists between attitudes
    toward promotion of life insurance and selected
    socio-economic variables.

2. No significant relationship exists between attitudes
    toward life insurance pricing and selected socio-
    economic variables.

3. No significant relationship exists between attitudes
    toward the desire to own the life insurance product
    and selected socio-economic variables.

The objectives were determined after a literature search of prob-

lems in the life insurance industry and after consideration of micro-

marketing variables important in the distribution of a product.[6]

IV. SCOPE AND LIMITATIONS OF THE STUDY

The study is restricted to the investigation of attitudes toward

life insurance in the three metropolitan areas of Denver, Colorado,

New Orleans, Louisiana and Miami, Florida. Attitudes can be con-

sidered an awareness or feeling not directly accessible to observation

but measurable from verbal statements. The inferential method is used

most often when questionnaire-type surveys are involved.[7] Inductive

conclusions are drawn by applying logical judgment to indirect evi-

dence.[8] The researcher attempts to be systematic in developing conclu-

sions from inferential measurement.

_____

[6]Product, price and promotion are considered micromarketing
variables.

[7]David J. Luck, Hugh G. Wales, and Donald A. Taylor, Marketing
Research, (Englewood Cliffs: Prentice-Hall, Inc., 1970), p. 93.

[8]Ibid.

The research can be generalized only to those groups with similar environmental surroundings. Although generalizing to a large population would be desirable, a determination of the attitudes of the subjects in the sample toward life insurance could contribute to the design of a more sophisticated research tool.

The scope of the study is confined to a review of consumer problems described by the literature, development of research design, statement of hypotheses to be investigated, construction of a survey instrument, data collection and the analysis and interpretation of survey results.

It is most desirable to identify and analyze consumer attitudes at a point in time and to chart attitudes on a systematic and ongoing basis. A longitudinal approach would assist in determining dynamic movements in attitudes and the changing relationships between variables. Hopefully life insurance associations, life insurance companies and other researchers can continue the analysis of life insurance attitudes investigated in this study.

Most research of this nature has economic constraints that limit various aspects of the study. Although not all of the underlying influences of attitudes toward life insurance are analyzed, the research does make a contribution in an area that has not been fully explored by researchers.

V. OPERATIONAL DEFINITIONS OF CONCEPTS AND TERMS

The definitions that follow explain the most important concepts involved in the analysis and interpretation of the data which led to the conclusions reached.

Socio-economic variables are social, social-psychological or economic characteristics common to a number of individuals that have different magnitudes or different categories.[9] A null hypothesis (assumed state of the world) states there is no significant difference between two or more variables in regard to a given set of variables.[10]

The life insurance product functions to provide scientific loss sharing to protect the unfortunate few by the contribution of the many who are exposed to the same risk.[11] The three basic classes of life insurance contracts issued by life insurance companies are: (1) term, (2) whole-life, and (3) endowment. The purpose of all policies is the creation of a stipulated fund through operation of the term insurance or the operation of the accumulating investment account. A term life insurance policy is defined as a contract which furnishes life insurance protection for a limited number of years, the face value of the policy being payable only if death occurs during the stipulated term, and nothing being paid in case of survival.[13]

The whole-life insurance policy (sometimes referred to a cash value or ordinary life insurance) is based on the assumption that premiums will be paid throughout the lifetime of the insured, with payment of the face value upon death of the insured, regardless of when it may

---

[9]George A. Theodorson and Achilles G. Theodorson, Modern Dictionary of Sociology, (New York: Thomas Y. Crowell Company, 1969), p. 399.

[10]Ibid., p. 191.

[11]S. S. Huebner and Kenneth Black, Jr., Life Insurance 7th Ed., (New York: Appleton-Century-Crofts, 1969), p. 3.

[12]Ibid., p. 5.

[13]Ibid.

occur.[14] The _endowment life insurance policy_ provides not only for the payment of the face of the policy upon the death of the insured during a fixed term of years, but also the payment of the full amount at the end of said term if the insured be living.[15]

Life insurance price measures the money exchanged for the life insurance product. The phrase _support for government control and regulation_ is used as a means of measuring a person's social-psychological attitude toward government involvement in social reform and social welfare.[16] _Attitudes toward big business_ are social-psychological characteristics or traits that are used to measure the desirability of large businesses serving the needs of society.[17] _Economic liberalism_ is defined as an ideological orientation that favors changing social roles and norms organized about the production, distribution and consumption of goods and services.[18]

VI. ORGANIZATION OF THE STUDY

In Chapter One the problem, purpose, objectives, scope, limitations and operational definitions of terms are described. The chapter is designed as an introduction to the research project.

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[14]_Ibid._, p. 84.

[15]_Ibid._, p. 98.

[16]John P. Robinson, Jerrold C. Ruck and Kendra B. Head, _Measures of Political Attitudes_, (Ann Arbor, Michigan: Institute for Social Research, University of Michigan, 1969), pp. 193-195.

[17]_Ibid._

[18]Delbert C. Miller, _Handbook of Research Design and Social Measurement_, 2nd Ed., (New York: David McKay Company, Inc., 1970), pp. 231-240.

In Chapter Two the review of literature describing consumer prob-
lems in the life insurance industry is presented. The review of litera-
ture includes objective as well as non-objective criticism of the life
insurance industry.

Chapter Three is devoted to the development of hypotheses, a de-
scription of the research design and an explanation of the problems to
be investigated. This chapter concentrates on research methodology to
accomplish the research objectives.

Chapter Four is designed to provide results of the survey of atti-
tudes in the form of frequency distributions and the delineation of
factors to measure attitudes toward the life insurance price, promotion
and product. The overall objective of this chapter is to display data
gathered in the survey stage of the project.

Chapter Five is designed to present the results of the statistical
analysis and interpretation of the results of the study. The statisti-
cal methods of analyses include factor analysis, stepwise multiple
regression and canonical analysis.

Chapter Six provides conclusions of the study. This chapter in-
cludes a summary of findings, future research possibilities and sug-
gestions for industry response which would provide life insurance
better suited to the consumers' interest.

CHAPTER TWO

A REVIEW OF CONSUMER PROBLEMS IN THE LIFE INSURANCE INDUSTRY

The purpose of this chapter is to review literature that describes consumer problems related to the purchase and ownership of life insurance. The chapter is designed to present evidence illustrating the need for a study of consumer attitudes. Although many conflicts in ascertaining consumer attitudes and problems relating to life insurance exist, most sources agree that more needs to be known about consumer anxiety.

Some of the most objective studies of consumer satisfaction in the life insurance industry have been conducted by Daniel Yankelovich, Inc. on a continuing contract basis for the Life Insurance Institute. The MAP (Monitoring Attitudes of the Public) program is a new management tool to spot trends and identify crucial indicators of public attitudes. The writer has been assisted by the MAP project in determining "anxiety attitudes" that need investigation and analysis.

I. CONSUMER ANXIETY IN THE LIFE INSURANCE INDUSTRY

It has been determined that at least one member of 83 percent of all American families is insured with a legal reserve life insurance company.[1] Life insurance companies play a vital role in providing some degree of economic security for the American families that own life insurance.

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[1] 1971 Life Insurance Fact Book, (New York: Institute of Life Insurance, 1971), p. 12.

A life insurance industry survey of ownership attitudes indicated that only a small proportion of household heads expressed negative attitudes toward ownership of life insurance or say that investments are a substitute for life insurance.[2] Although life insurance is a desired product, perceived by many as a necessity, evidence suggests that the consumer is unaware of his total life insurance needs.[3]

The following statement made by Florence Skelly, Executive Vice President of Daniel Yankelovich, Inc., in a 1968 address to the New York State Association of Life Underwriters is very revealing:[4]

> In most product fields which are believed to be necessities by the public, the pattern is very different. If a product is believed to be a necessity, the public usually acquires knowledge of the subject and some confidence in its decision-making ability--whether warranted or not. . . Not so in the case of life insurance.
>
> In considering all of our research results, we were very impressed by the multiple sources of anxiety that surround consideration of life insurance as a product.
>
> If you mix all of the sources of anxiety together, along with the perception of life insurance as a real necessity, they add up to a picture composed of a great deal of concern, some fear, a little hostility, a touch of resentment and a lot of just plain uneasiness.

Conclusions reached by many observers in the life insurance industry highlight the lack of consumer satisfaction. This view is

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[2]Life Insurance in Focus: Attitudes Toward Company Agent and Products, (Hartford: Life Insurance Agency Management Association, 1961), p. 1.

[3]Life Insurance Goals: A Psychological Model, (Hartford: Life Insurance Agency Management Association, 1959), p. 1.

[4]Florence Skelly, "Report on Public Attitude Toward Life Product, Companies and Agent," National Underwriter, (November 9, 1968), p. 2.

summarized by William E. Kingsley, Director, Division of Statistics and

Research, Institute of Life Insurance in a 1971 speech to the Midwest

Training Director's Association.

> Add to these elements the fact that the large
> majority of the public believe they are poorly
> informed about life insurance and are generally
> not confident about their ability to fully
> comprehend various alternatives, and to make
> a reasoned and sensible decision on their own.
> This lack of confidence in one's own knowledge-
> ability and the absence of rational criteria
> for deciding on the amount of life insurance
> is symptomatic of the fact that the life insur-
> ance purchase situation, or any effort to up-
> grade coverage level, is, hy and large, an
> anxiety ridden one, more than is true of most
> other product fields.[5]

II. CONSUMER'S VIEW OF THE LIFE INSURANCE INDUSTRY

A consumer advocate has stated that the life insurance industry is

"one of the most sacrosanct and certainly mysterious of businesses."[6]

The industry has grown so fast and is so complicated that many people

within the industry probably do not understand the complexities of life

insurance.

> The industry is characterized, say critics,
> by a host of tricky and exploitative practices:
> consumers are given fictitious price information;
> sales pitches and advertising are often misleading,
> gimmicky policies are put forward to confuse buyers
> and promote sales and the commission structure is
> rigged to force high-priced policies on unknowing
> buyers.[7]

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[5]William E. Kingsley, "Consumerism Implications from the MAP Research Program," Speech to Meeting of the Midwest Training Director's Association, West Lafayette, Indiana (May 13, 1971), p. 8.

[6]Jean Carper, "Truth in Life Insurance," Nation (January 11, 1971), p. 45.

[7]Ibid.

Life insurance industry research indicates that substantial pro-
portions of the public see the industry as "aloof."[8] The study indi-
cated that, "negative attitudes are fairly well entrenched, with four
out of ten faulting the industry on the grounds of "legalism" and
almost five out of ten faulting it for being "aloof." Also, a rela-
tively large part of the public (about one-third) has no strong opin-
ions on this issue and, presumably, could be swayed either way by
publicity or personal experience.[9]

Daniel Yankelovich, addressing the thirty-second meeting of the
Institute of Life Insurance, stated that:

> Other sources of latent dissatisfaction relate (1)
> to the consumer's suspicion, never far below the
> surface, that the agent, however trusted he may be,
> is getting rich at the consumer's expense; (2) the
> feeling that most life insurance companies are dis-
> tant, remote and wealthy institutions; (3) the fact
> that people have little knowledge of life insurance
> and are almost totally ignorant of its business con-
> cept; that is, how the business makes its money.[10]

Yankelovich also said:

> We take the consumerism movement very, very seri-
> ously. While I agree with those who state that
> the mass media will soon become bored with the
> subject and push it into the background, I don't
> think consumerism is going to go away. In fact,
> there is every indication that it will gain
> momentum in the years ahead. . . Potentially,
> unless the industry (life insurance) is very sure-

---

[8]Monitoring Attitudes of the Public, (New York: Institute of Life
Insurance, 1969), p. 82.

[9]Ibid.

[10]Daniel Yankelovich, "Life Insurance in a Day of Consumerism"
Thirty-Second Annual Meeting Institute of Life Insurance, New York
(December 15, 1970), p. 1.

footed, the consumerism movement could cause some of
the latent dissatisfaction in the public to break
through the surface and be converted to overt dis-
satisfaction.[11]

Anxiety or dissatisfaction results from buyer-seller interaction

in the purchase situation. Possibly, the life insurance agent repre-

sents one of the major symbols of the industry which arouse feelings

of discontent in the public. How does this anxiety and uneasiness

manifest itself? Here is what one survey revealed:[12]

1. Six out of ten adults said they feel uneasy when
   they're buying life insurance because they're
   not sure they're buying the right kind of policy;
   they don't feel informed.

2. Seven out of ten stated that the high pressure
   tactics used by some life agents annoy them.

3. Almost two-thirds of consumers. . . said they
   are fearful that most life insurance agents will
   take advantage of their concern about their
   families. They said life insurance agents "know
   how to make you feel guilty if you don't buy life
   insurance."

4. A substantial proportion said they feel that life
   insurance companies are guided too much by fine
   print in the contract and that they often avoid
   claims on the basis of a technicality.

Much hostility toward the life insurance agent results from

anxieties developed because of misconceptions, ignorance and the fear

of death associated with the life insurance product.

_____

[11]Ibid., p. 4.

[12]Florence Skelly, "The Anxieties of the Reluctant Buyer," Life
Association News, (January, 1969), p. 99.

III. LIFE INSURANCE BUYING HABITS

Statistics indicate that the average family head owns only the amount of life insurance needed for final expenses and a brief readjustment period. Industry research publications point to the public's need for information in regard to their life insurance needs.[13] Only a small fraction of those who have bought life insurance (13 percent) state that an agent had ever been of service to them after they bought the policy.[14]

Although life insurance companies have a desired product, the consumer is not receiving enough information from companies concerning the product line. A Life Insurance Agency Management Association survey indicates that 25 percent of all respondents who purchased life insurance for protection only had purchased either an endowment or limited pay policy.[15] Only 3 percent who mentioned protection as the only reason for purchasing life insurance had purchased term insurance.[16]

A problem related to purchases is illustrated in voluntary termination of life insurance policies by policyholders. Among household heads who have bought life insurance surveyed by a Hartford research team, 45 percent terminated one policy, and one in six reported termi-

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[13]The Public Looks at Life Insurance, (Hartford: Life Insurance Agency Management Association, 1958), p. 1.

[14]Life Insurance in Focus: Attitudes Toward Company Agent and Product, Op. Cit., p. 2.

[15]Life Insurance in Focus: Factors Related to Success in the Last Sales Interview, III, (Hartford: Life Insurance Agency Management Association, 1962), p. 55.

[16]Ibid.

nating more than one policy.[17] "The overall voluntary termination rate of ordinary life insurance policies in 1970 was 5.9 percent. The rate for older policies is significantly lower than for newly issued ones."[18] Most life insurance companies consider voluntary termination of life insurance policies a serious problem and a high termination rate can seriously affect the operation of the company.

Individually purchased life insurance represented 52 percent of all life insurance in force in 1970.[19] At the end of 1970 group protection represented 39 percent of all life insurance in force while credit and industrial insurance accounted for 9 percent of all coverage.[20] Group insurance policyholders paid $4,663 billion in premiums to U. S. life insurance companies in 1970 and received $3,027 billion in death benefit payments. On the other hand, individual life insurance policyholders paid $15,090 billion in premiums and received $3,546 billion in death benefit payments.[21] These figures indicate that group

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[17]Life Insurance in Focus: Factors Related to Lapsation, IV, (Hartford: Life Insurance Management Association and Life Underwriter Training Council, 1963), p. 1.

[18]1971 Life Insurance Fact Book, Op. Cit., p. 57.

[19]Ibid., p. 23. The Institute of Life Insurance includes ordinary, term and endowment life insurance in its definition of individually purchased life insurance.

[20]Ibid., p. 29. Group life insurance includes master policies issued to employers, professional societies and employee associations to provide life insurance protection for group members.

Industrial life insurance policies are issued for small amounts, usually less than $1,000, and the modest premiums generally are paid weekly or monthly to an agent who calls at the policyholder's home.

Credit life insurance is used to repay a debt in case the borrower should die.

[21]Ibid., p. 47, 59.

16

life insurance participants were paid almost three times as much in death benefits per premium dollar as individual policyholders were paid. Policyholders who purchased life insurance on an individual basis were paid $9.4 billion in 1970 from matured endowments, annuities, surrender values, dividends and disability provisions.[22] These benefit payments to individual policyholders generate important living values for the policyholder.

IV. CRITICISM OF THE LIFE INSURANCE INDUSTRY

Most criticism of the life insurance industry has come from writers that have no scientific support for their conclusions. Even these non-objective criticisms of the life insurance industry have, however, served a useful purpose in pointing out some major abuses.

The weakness in most attacks on the life insurance industry results from the writer having a vested interest in switching the consumer to another protection vehicle or a desire to force certain protection and saving values on the consumer. What is missing from the criticism of the life insurance industry is an objective attempt to provide information so the consumer can make an intelligent purchase decision.

One of the best known criticisms of the life insurance industry is The Consumers Union Report on Life Insurance (1967). This report assumed that life insurance needs go down year by year in a pattern resembling that of decreasing term coverages.[23] While it is possible that

---

[22]Ibid., p. 49.

[23]Consumers Union Report on Life Insurance, (New York: Harper and Row, Publishers, 1967), p. 22.

some families have decreasing life insurance needs, it is possible that other families have increasing life insurance needs. Joseph M. Belth, an Indiana University Professor, was given a Consumers Union grant to study life insurance from the buyer's point of view. Belth requested the Consumers Union to include a disclaimer concerning his participation in the final (1967) report to the public. Belth concluded:[24]

> Much of what CU has presented in its life insurance
> series seems to be accurate and reasonable, and to
> that extent CU has performed an important service
> to the public by preparing the series. On the
> other hand, the net effect of the series is, in my
> opinion, an oversimplification of the complex
> problems associated with the efficient purchase
> and ownership of life insurance. In the latter
> sense, I feel that the series is a disservice to
> the public, and I fear that the negative value
> of the series may outweigh its positive value.

Belth has written a book entitled The Retail Price Structure in American Life Insurance, in which he attempts to separate the savings and protection portions of whole-life policies so that the consumer can determine the cost of policies from different companies.[25] The Belth approach has been criticized by company spokesmen as a device that represents an ignorance of level premium life insurance fundamentals, representing deliberate distortion and deception.[26] Belth's

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[24]Joseph M. Belth, "A Note on the Consumers Union Life Insurance Series," Journal of Risk and Insurance, XXXIV, (1967), p. 490.

[25]Joseph M. Belth, The Retail Price Structure in American Life Insurance, (Bloomington: Indiana University Press, 1966).

[26]Harold W. Baird, "Deceptions and Misrepresentation Applied to 'Costs' of Level Premium Life Insurance," Address to the Life Underwriters and Chartered Life Underwriters Associations of Springfield, Massachusetts, (January 20, 1971), p. 3.

cost comparisons have been published in some widely circulated arti-
cles,[27] but the Report of the Joint Special Committee on Life Insurance
Costs says that the Belth "method is too complicated for widespread use
and general understanding, and that it relies too heavily upon separa-
tion of a policy into protection and savings elements."[28]

The Joint Special Committee on Life Insurance Costs (Moorhead
Committee) was formed by the American Life Convention, Institute of Life
Insurance, and the Life Insurance Association of America to solve prob-
lems related to different methods for determining the true price of
life insurance products. The committee concluded, "that the Interest-
Adjusted Method provides a method that is adequate. . ., and is less
subject to criticism than the Traditional Method."[29]

An ad hoc life insurance industry group is attempting to inform
President Nixon's Office of Consumer Affairs and the Consumer Advisory
Council's subcommittee on insurance concerning the industry's efforts
in implementing the recommendations of the Joint Special Committee on
Life Insurance Costs.[30] At present at least eighty-four life insurance
companies are informing or planning to inform their field forces about
the interest-adjusted method and to discourage further use of the tradi-
tional net cost comparison method.[31]

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[27]U. S. Consumer, III, Washington, D. C., (February 4, 1970).

[28]Report of the Joint Special Committee on Life Insurance Costs,
(New York: Institute of Life Insurance, 1970), p. 14.

[29]Ibid., p. 22.

[30]William MacFarlane, "Knauer Office Unit Meets With Industry
Group," The National Underwriter, VII, (February 12, 1972), p. 1.

[31]Blake T. Newton, Jr., Personal Correspondence to Mrs. Virginia H.
Knauer, (March 3, 1972), p. 1.

Other questions asked by the Consumer Advisory Council's insurance
subcommittee deal with mail-order coverage, a variety of policies
offered and reasons why life insurance must be "sold" rather than
"bought."[32] The Institute of Life Insurance, with the concurrence of
other life insurance trade associations, has agreed to answer questions
presented by the Office of Consumer Affairs and the Consumer Advisory
Council's insurance subcommittee.

Robert E. Kahrhoff, in This is Where Your Money Goes, cites twenty-
three books that are extremely critical of the life insurance indus-
try.[33]

Although most of these books are non-objective emotional ap-
proaches, they do indicate that there are some fundamental problems in
the life insurance industry. Kahrhoff is one of the "buy-term, invest-
the-difference" advocates and suggests that the consumer should buy
protection only (term insurance) and invest the difference in mutual
funds or savings accounts. Dennis L. Andersen in Life Insurance: A
Study in Delusion outlines a guide for buying term and investing the

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[32]Ibid.

[33]Robert E. Kahrhoff, This is Where Your Money Goes, (St. Louis:
Capital Planning Corporation, 1966), p. 1. Life Insurance Reform in
New York, Life Insurance for Professors, A License to Steal, Ability
to Sell--Its Relation to Certain Aspects of Personality and Experience,
Life Insurance--Its Fallacies and Possibilities, Life Insurance Simpli-
fied, Behind the Scenes of Life Insurance, The Truth About Your Life
Insurance, Life Insurance: A Legalized Racket, What's Wrong with Your
Life Insurance, You Pay and You Pay, The Grim Truth About Life Insur-
ance.

difference.[34] A similar approach is taken by J. Edward Pawlick in

Overcharged By Your Life Insurance Salesman.[35]

Even the Wall Street Journal says that "millions of Americans are

unwillingly paying more than necessary for life insurance."[36] The

Wall Street Journal goes on to say:[37]

> Besides setting off a furor within the industry, the
> complaints are stirring the interest of some govern-
> mental bodies--including Congress--over the apparent
> lack of effective price competition. "If these
> allegations are true there may be serious antitrust
> implications," says a staff member of the Senate
> Antitrust and Monopoly Subcommittee, which already
> is investigating the price of credit life insurance
> sold to persons who take out installment loans.

In a speech to a group of life insurance agents James H. Hunt,

Vermont's Insurance Commissioner, became one of the first state insur-

ance officials to plunge into the debate between the life insurance

industry and critics who charge that companies are reluctant to sell

term insurance policies.[38] Hunt proposed that commissions on term

policies be doubled to make them more attractive for life insurance

salesmen to sell.[39]

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[34]Dennis L. Andersen, Life Insurance: A Study in Delusion,
(Kansas City, Missouri: Roy Printing, Inc., 1962), p. 17.

[35]J. Edward Pawlick, Overcharged By Your Life Insurance Salesman,
(New York: J. Edward Pawlick, 1968), p. 1.

[36]"Critics Say Practices of Industry Confuse Life Insurance
Buyers," Wall Street Journal, (September 5, 1967), p. 1.

[37]Ibid.

[38]Vermont Commissioner Says Term Insurance Is Kept "Under Wraps,"
Wall Street Journal, (October 24, 1967), p. 1.

[39]Ibid.

James Gollin in Pay Now Die Later, is critical of the life insur-
ance distribution system. Gollin indicates:[40]

> . . . facts of failure in the life insurance business
> will come as a shock. Of the approximately 110,000
> men and women recruited, hired, and trained each
> year to sell life insurance, some 90,000--nearly 90
> percent--leave the business within ninety days. And
> by the end of each full year, 5,000 to 10,000 have
> failed. . . Some sources estimate the ninety day
> turnover rate as 65 percent, and the New York Times
> cited surveys that give the rate as 50 percent. . .
> But whatever the exact percentages are, it's absurd
> to quibble about the statistics of disaster.
>
> Salesmen are driven to commit fraud and near-
> fraud in order to keep validating their so-called
> salaries. The agent who is under such pressure
> finds it temptingly simple to falsify his figures.

Gollin indicates that the new recruit is encouraged to sell to
close friends, acquaintances, fraternity or lodge brothers, college
classmates, and church groups as soon as possible.[41] After a new
agent sells his natural market he sometimes quickly disappears. Gollin
differs from most critics among anti-life insurance forces by recom-
mending term insurance only in special short run situations because he
believes that the long run cost of term insurance will become too high.

Another popular critical view of life insurance is The Mortality
Merchants by Scott G. Reynolds.[42] Reynolds tries to simplify the life
insurance product so the consumer can understand what is purchased.
Reynolds is critical of industry pricing, promotion and product
offerings.

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[40]James Gollin, Pay Now Die Later, (Baltimore: Penguin Books,
Inc., 1969), p. 96, 111.

[41]Ibid., p. 100.

[42]Scott G. Reynolds, The Mortality Merchants, (New York: David
McKay Company, Inc., 1968).

V. CONCLUSION

An abundance of literature delineates the problems facing the consumer in the purchase and ownership of life insurance. The following factors have been suggested as sources of anxiety which surround consideration of life insurance as a product.[43]

1. The product itself is associated with death and with the deep anxiety that this very subject evokes.

2. Life insurance appears intimately related to a man's financial responsibilities and these are a source of constant concern to the average American male.

3. The purchase of life insurance is a "big ticket" item, a major purchase involving the expenditure of what people believe is a very large sum of money.

4. Life insurance is not a single one-time purchase that ends when the initial premium is paid.

In much of the critical life insurance literature, industry pricing methods and product costs have been examined. Most of the industry research has concentrated on understanding and combating negative attitudes toward agents, companies, and the distribution system. While past research has centered on "methods of determining the price of life insurance" or "licensing and regulation of life insurance companies," this research concentrates on consumer attitudes toward life insurance.

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[43]Skelly, The National Underwriter. Op. Cit., p. 2.

CHAPTER THREE

CONCEPTUAL FRAMEWORK AND RESEARCH DESIGN

This study is based on the assumption that some degree of con-

sumer anxiety and discontent exists in the life insurance marketing

system. Empirical evidence of consumer problems can be found in Life

Insurance in Focus, a study funded by the Life Insurance Agency Manage-

ment Association. The ongoing opinion surveys, "Monitoring Attitudes

of the Public," funded by the Institute of Life Insurance continue to

trace consumer anxiety. Many non-objective writers point out selling

practices considered deceptive. Different scholars have described

unique approaches to the determination of the true price of the life

insurance product.[1]

I. THE NEED FOR MARKETING ORIENTATION

Recognizing the growing interest in consumerism and the desire

for improved performance of the marketing system, one leading textbook

defines macromarketing as:[2]

> Designing an efficient (in terms of resources)
> and fair (in terms of distribution of output to all
> parties involved) system which will direct an economy's
> flow of goods and services to consumers and accomplish
> the objectives of the society.

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[1]Joseph Belth, "Price Competition in Life Insurance," Journal of
Risk and Insurance, XXXIII, (1967). Robert Stavin "Insurance Pricing
and Its Role in Relation to Economic Theory and Marketing Management"
Journal of Risk and Insurance, XXXIII, (1966) and Harry Solberg "A
Method for Consumer Valuation of Life Insurance Policies by Type."
Journal of Finance, XVII, (1962).

[2]E. Jerome McCarthy, Basic Marketing, 4th ed., (homewood, Illinois:
Richard D. Irwin, Inc., 1971), p. 19.

Richard H. Buskirk and James T. Rothe have developed guidelines for corporate policy in consumer orientation:[3]

1. Establish a separate corporate division for consumer affairs. This division would participate in all corporate decisions that have consumer implications.

2. Change corporate practices that are perceived as deceptive. The consumer affairs division should identify corporate practices that are perceived as deceptive and/or antagonistic by consumers.

3. Educate channel members to the need for a consumerism effort throughout the channel system. Recognition of a consumerism effort. . . will enhance performance of the channel system and provide better customer satisfaction.

4. Incorporate the increased costs of consumerism efforts into the corporate operating budget. Unless the consumer affairs division is budgeted sufficient money to carry out its mission, it will be little more than a facade and its effectiveness will be hampered. However, it does seem apparent that substantial costs will be incurred by firms not meeting their responsibilities to the consumer because of both governmental and legal action.

Most marketing scholars agree that satisfying the consumer is a meaningful goal. In consumer-oriented firms all planning is done with selected target markets in mind and a logical implementation of the marketing concept has led to the development of a systematic approach to managing the marketing system.[4] The marketing concept is a company philosophy that places the customer's needs and wants first and emphasizes marketing strategies to satisfy the consumer.

> Four categories of concepts from general systems
> theory have particular relevance for analyzing market-
> ing systems. They are descriptive factors, regulation and

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[3]Richard H. Buskirk and James T. Rothe, "Consumerism--An Interpretation", Journal of Marketing, XXXIV, (October, 1970), p. 65.

[4]McCarthy, Op. Cit., p. 29.

maintenance factors, change factors, and decline and
decay factors. Descriptive factors refer to concepts
that distinguish among and help classify systems struc-
tures, elements, and processes--such as interfaces, edges,
boundaries, independence, inputs and outputs. Regulation
and maintenance factors, as internal factors, deal with
systems stability, equilibrium, feedback, regulation,
homeostasis, and communication. Change factors which are
externally induced, deal with the internally generated
responses of systems to environmental changes and include
adaptation plasticity, elasticity, learning, growth and
dynamics. Decline and decay factors focus on the disinte-
gration and breakdown of systems and are concerned with
overloads, disturbances, dysfunctioning, stress and degen-
eration.[5]

II. CONSUMER FEEDBACK IN THE LIFE INSURANCE INDUSTRY

This research project is concerned with regulation and maintenance

factors, i.e. stability, equilibrium, feedback, regulation, homeostasis

and communication, as they relate to consumer orientation in the life

insurance industry.

More specifically the conceptual framework of this study gives

emphasis to the characteristic of feedback. Monane defines feedback as

"anything which influences the system's current action."[6] According to

Buckley if self-direction is to be effective, a system must continue to

receive a full flow of three kinds of information: (1) information of

the world outside, (2) information from the past, with a wide range of

recall and recombination, and (3) information about itself and its own

parts.[7] When a system falls short and negative feedback arises or enters,

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[5]William Lazer, Marketing Management: A Systems Perspective, (New
York: John Wiley & Sons, 1971), p. 14.

[6]Joseph Monane, The Sociology of Human Systems, (New York: Appleton-
Century-Crofts Publishing Company, 1967), p. 5.

[7]William Buckley, Sociology and Modern Systems Theory, (Englewood
Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 56.

the results to the system can be catastrophic; even if the system is able to pick up the pieces, intense negative feedback has a lasting effect.[8]

This study views the life insurance marketing system as an interrelated complex composed of descriptive factors, regulation and maintenance factors, change factors, and decline and decay factors. The regulation and maintenance factors, i.e. feedback and communication, are important in keeping the marketing system going and in enhancing its action in achieving goals. It is a basic assumption of this research that there is disequilibrium in the life insurance marketing system. Adjustments may be needed in product, price, place or promotion to change the nature of the delivery system. Communication from the consumer to the life insurance companies is needed to provide the feedback function.

> The communication structure. . . transmits instructions and operating commands or signals to facilitate coordinated effort. It is related to expectations through the communication of explicit or implied commitments. Negotiations between suppliers and customers and much that goes on in the internal management of a marketing organization can best be understood as a two-way exchange of commitments.[9]

One way of examining the effects of an individual's behavioral commitment with respect to a contrary communication involves considering the amount of effort a person expends in understanding and assimilating feedback.[10] When the communication is perceived as positive or credible,

[8]Monane, Op. Cit., p. 104-105.

[9]Wroe Alderson, "The Analytical Framework for Marketing", Delbert Duncan, ed., Proceedings: Conference of Marketing Teachers from Far Western States, (Berkeley: University of California, 1958), p. 23.

[10]Arthur R. Cohen, "Communication Discrepancy and Attitude Change: A Dissonance Theory Approach," Ed. David T. Kollat, Roger D. Blackwell and James F. Engel, Research in Consumer Behavior, (New York: Holt, Rinehart and Winston, Inc., 1970), p. 334.

change increases, but when communication is viewed as neutral, ambiguous

or negative, then increasing discrepancy may lead to decreasing change.[11]

It is apparent that many executives in the life insurance industry have

ambiguous and negative attitudes toward assimilating feedback from con-

sumers or consumer advocates. An example is a statement made by the exe-

cutive assistant of a large mutual life insurance company in analyzing

the value of term insurance.[12]

> And be sure to buy only term insurance, of course
> the kind guaranteed to expire, probably before you do.
> Just remember, if you always buy junk, you'll never
> have anything of value. And think of the hypothetical
> interest you will save. Welcome to the hippie community!

This is an example of over-reaction to criticism that does not help

the life insurance industry maintain consumer rapport. Richard N. Farmer

says that an attitude of the "divine right of life insurance" exists in

that:

> A general view of the life insurance industry,
> . . ., is that this industry is somewhat superior to
> other, more prosaic economic sectors. The business
> of providing life insurance to citizens is one which
> stands above routine activities, and persons involved
> in the industry are a bit superior to other men.[13]

The same life insurance executive that associates term insurance

with junk and hippies states that:

> I noticed in yesterday's Wall Street Journal
> that a large publishing company was fined $50,000
> for deception in connection with the sale of magazine

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[11]Ibid., p. 333.

[12]Harold W. Baird, "Deceptions and Misrepresentations Applied to 'Costs' of Level Premium Life Insurance", An Address Presented to the Life Underwriters and Chartered Life Underwriters' Associations of Springfield, Massachusetts, (January 20, 1971), p. 8.

[13]Richard N. Farmer, "The Long Run Crises in Life Insurance," Journal of Risk and Insurance, XXXIII, (December, 1966), p. 620.

subscriptions. I really believe that unless the life
insurance industry cleans up the deceptions, . . ., some-
one may get the idea of a substantial lawsuit--and winning.[14]

The conceptual framework of this research is based on the view that

the life insurance industry should assimilate feedback from consumers

and that the consumer should be involved in influencing the system's

current action. The importance of consumer feedback should be espe-

cially significant since the ownership of life insurance can affect the

standard of living and can combat poverty in many cases.

III. THE NATURE OF CONSUMER ATTITUDES

An attitude is an orientation toward certain objects or situations

that are emotionally toned and relatively persistent.[15] Gordon W.

Allport defines an attitude as:

> . . . a mental and nural state of readiness, organ-
> ized by experience, exerting a directive or dynamic
> influence upon the individual's response to all ob-
> jects and situations with which it is related.[16]

It has been suggested that attitudes are a general orientation and

opinion that is the specific manifestation of the broader attitude.[17]

Beliefs have been referred to as the "cognitive component" of atti-

tudes because they can serve as a partial basis for likes and dislikes.[18]

[14]Baird, Op. Cit., p. 14.

[15]George A. Theodorson and Achilles G. Theodorson, Modern Dic-
tionary of Sociology, (New York: Thomas Y. Crowell Company, 1969). p. 19.

[16]Gordon W. Allport, "Attitudes", Ed. Martin Fishbein, Readings in
Attitude Theory and Measurement, (New York: John Wiley Inc., 1967). p. 8.

[17]Gardner Lindzey and Elliot Aronson, The Handbook of Social
Psychology, (Reading, Pennsylvania: Addison-Wesley Publishing Company,
1969), p. 152.

[18]Daryl J. Bem, Beliefs, Attitudes and Human Affairs, (Belmont,
California: Cole Publishing Company, 1970, p. 15.

Important to the conceptual nature of this study is the notion that individuals do not merely subscribe to random collections of beliefs or attitudes, but rather maintain coherent systems of beliefs or attitudes which are internally consistent.[19]

It has been suggested that three sets of factorial variables demonstrate the interplay in the determination of a given act.[20]

> The cultural variable represents the commonly
> shared idealized expectations for action which each
> action brings into an interactional situation. It
> is here that values and their supportive norms and
> roles (in the ideal) are found. The personality
> variable represents the contribution which the per-
> sonalities of the actors bring to their interactions
> episodes. The third variable--situation--represents
> all the other factors which may affect the inter-
> action between sets of actors.[21]

While all variables may influence attitudes, the personality variable is usually associated with the study of attitudes. James F. Engel identifies attitudes with perception and states that most studies documenting the motivational influences or reactions to persuasion largely focus on attitudes.[22]

> In general, it seems safe to state that motiva-
> tional factors such as needs, values and attitudes
> can and do influence perception. Probably it goes
> without saying that this evidence should put an end
> to all beliefs that consumers can be appealed to in
> any manner without knowledge of their psychological
> makeup.

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[19]Ibid., p. 13.

[20]Alvin L. Bertrand, Social Organization: A General Systems Theory and Role Theory Perspective, (Philadelphia: F. A. Davis Company, 1972), p. 5.

[21]Ibid., p. 6.

[22]James F. Engel, "The Influence of Needs and Attitudes on the Perception of Persuasion" Ed. James U. McNeal, Dimensions of Consumer Behavior, (New York: Appleton-Century-Crofts, 1969), p. 111, 112.

Eisenson, Auer and Irwin link attitudes to the psychology of commu-
nication.[23]

> Attitudes are not a part of the individuals routine
> psychological equipment; they are acquired or developed
> throughout his life. Like other mental or emotional
> patterns of behavior, they are learned, modified, or
> discarded as the individual reacts to his environ-
> ment and his experiences. It is the dominant atti-
> tude that the communicator hopes to touch off when
> persuading an audience. . .

It has been suggested that marketing has the responsibility of
reshaping basic attitudes to assist planned social change.[24] One goal
of investigating attitudes toward life insurance is to determine the
acceptability of new concepts as they relate to product, price and pro-
motion. It is assumed that such a coherent and dynamic system of atti-
tudes exists. Hopefully the life insurance industry will not only react
to existing attitudes, but will also reshape attitudes to assist con-
sumers in obtaining economic security in a changing environment. Since
the insurance product provides such an important public service, it
could be argued that the life insurance industry has a responsibility
equal to most social institutions.

IV. CONCEPTUAL NATURE OF THE RESEARCH APPROACH

A method is needed to develop some volume of communication and feed-
back from consumers to life insurance companies. According to Chester R.

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[23]Jon Eisenson, J. Jeffery Auer and John V. Irwin, "The Psychology
of Communication", Ed. Lee Richardson, Dimensions of Communication,
(New York: Appleton-Century-Crofts, 1969), p. 65.

[24]Philip Kotler and Gerald Zaltman, "Social Marketing: An Approach
to Planned Social Change", Journal of Marketing, XXXV, (July, 1971),
p. 6.

Wasson a good consumer analysis would consist of two parts:[25]

1. An appraisal of the positive and negative character-
   istics of the findings as they affect the customer, and

2. Determination of the values on which the customer bases
   his decisions and action.

Attitude information is collected by researchers for use in devel-

oping feedback from consumers. A useful sample of consumers is one

which gives enough information so that, when combined with what the

analyst already knows, workable inferences that are useful for decision

making can be drawn.[26]

The basic research approach of this study is a survey of attitudes

designed to measure influences of discontent, anxiety and satisfaction

in the life insurance industry. The specific research approach includes

a (1) concise statement of the problem, (2) formulation of the problem

into hypotheses, (3) an explicit statement of the research design and

statistical tools to test the hypothesis, (4) collection of data from

respondents, and (5) statement of results, analysis and interpretation

of the information.

V. CONCISE STATEMENT OF THE PROBLEM

This research is designed to determine whether selected socio-

economic variables influence attitudes toward ownership of the life

insurance product, attitudes toward life insurance promotional activi-

ties and attitudes toward the price of life insurance. The selected

socio-economic variables include three psychological attitude scales

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[25]Chester Wasson, The Strategy of Marketing Research, (New York: Appleton-Century-Crofts, 1964), p. 66.

[26]Chester Wasson, Understanding Quantitative Analysis, (New York: Appleton-Century-Crofts, 1969), p. 56.

that were modified for use in this research. The scales are (1) economic liberalism, (2) attitudes toward big business, and (3) support for government control and regulation. Other socio-economic variables explored include (4) age, (5) education of respondent, (6) education of wife, (7) life insurance coverage, (8) number of children per family, and (9) occupational status.

The basic problem is to measure attitudes toward life insurance product ownership, attitudes toward promotional activities, attitudes toward the price of life insurance, the degree of economic liberalism, attitudes toward big business and support for government control and regulation. The six psychological attitude scales were measured by constructing questionnaire items associated with each factor and analyzing statistically to test for internal consistency, intercorrelation and the significance of attitude items. A factor is the term applied to a group or cluster of items which has been identified as being made up of closely intercorrelated items.

In this study a factor refers to a cluster of attitude items that delineates an attitude dimension toward product, price or promotion. Factor loading states the percent of the total variances that an attitude item explains. If an attitude item has a factor loading of .40 or above, it is considered significant. (An item loading at .40 explains 16% of the total variance in a cluster of items.) Factor analysis resolves measurements and qualitative observation into distinct patterns of occurrence.

All other socio-economic variables analyzed in this study are measured directly by quantitative indexes. If the socio-economic influences of attitudes toward life insurance are to be tested, several

dependent multivariate methods of analysis are necessary.[27] Canonical analysis is used when the problem is one of determining the influence of several independent variables on several dependent variables.[28] Stepwise multiple regression is used when the problem is one of determining the influence of several independent variables on one dependent variable.[29] All three multivariate techniques used in this study measure correlation or regression between variables or sets of variables.

As previously stated, this study is related to the scientific analysis and interpretation of attitudes toward the life insurance product, price and promotion. These micromarketing elements are considered important because of the emphasis placed on these variables in life insurance literature. The variables are also considered important elements of the life insurance marketing mix.[30]

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[27]The researcher justifies the multivariate methods used in this study based on the classification of multivariate methods by Jagdish N. Sheth. See: Jagdish N. Sheth, "The Multivariate Revolution in Marketing Research", Journal of Marketing, XXXV, (January, 1971), p. 15, and Thomas C. Kinnear and James R. Taylor, "Multivariate Methods in Marketing Research: A Further Attempt at Classification", Journal of Marketing, XXXV, (October, 1971), p. 57.

[28]See: K. S. Srikantan, "Canonical Association Between Nominal Measurement", Journal of Statistical Association, LXV, (March, 1971), p. 284.

[29]G. David Hughes, "Developing Marketing Strategy Through Multiple Regression", Journal of Marketing Research, III, (November, 1966), p. 414.

[30]McCarthy, Op. Cit., Product, price and promotion are considered controllable elements in marketing most products or services.

VI. HYPOTHESIS DEVELOPMENT RELATED TO THE LIFE INSURANCE PRODUCT

Attitudes toward the life insurance product are investigated to assist in the understanding of problems related to the normal life cycles through which most products are expected to move. Luck has described the need for product strategy considerations as products move through youth, maturity, and senility.[31] The decline period (product senility) occurs when new competing products establish themselves as superior values in many buyers' views.[32] The product's survival may be protracted over many years, for sellers may continue to find it profitable and put considerable effort into sustaining it.[33]

Since group life insurance in force has increased from $252 billion in 1964 to $587 billion in 1970, the question could be asked, will "group type" life insurance programs replace individually purchased life insurance?[34] Life insurance companies have not been innovative in the introduction of new life insurance products. Social security and other insurance programs provide protection which private life insurance was originally meant to provide. Farmer sets forth several hypotheses which indicate that the life insurance industry has not kept pace with changes occurring in the post-depression era in the United States.[35]

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[31]David J. Luck, _Product Policy and Strategy_, (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1972), p. viii, ix.

[32]_Ibid._, p. 11.

[33]_Ibid._

[34]_1971 Life Insurance Fact Book_, (New York: Institute of Life Insurance, 1971), p. 29.

[35]Farmer, _Op. Cit._, p. 628-629.

1. It is no longer difficult for a widow to seek and secure employment.

2. A decline in the death rate means it is far less likely that a young head of household will leave dependents prematurely.

3. Divorce is the most common reason for broken homes in the modern world.

4. Life insurance industry has lost its attraction as the only "safe" place to make investments and has become but one of many secure investments industries.

The life insurance industry maintains the view that established products are adequate at the present. While the family and the role that women play in the family change, the individually purchased life insurance product remains basically static. The life insurance industry continues to view women as helpless, dependent sex symbols, while women are being given more opportunity for a career outside the home. If thirty-eight states ratify the constitutional amendment giving women equal rights--including the right to be drafted into the military, many laws and social norms related to women may change. For example, as women become more independent, the husband may not be as important in playing the family provider role.

Usually man uses defense mechanisms to ward off anxiety. But when these are not adequate to the task, he seeks relief through (1) increasing mastery of or competence in the anxiety-provoking situation, (2) securing reassurance or support.[36] Reassurance and support could be achieved by purchasing life insurance. The purchaser must reduce some anxiety concerning death, and the life insurance product serves this purpose. The specific purchase may provide satisfaction in that dissonance may be

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[36]E. Earl Baughman and George Schlager Welsh, Personality: A Behavioral Science, (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1962), p. 446.

reduced.

The questionnaire items concerning the ownership of the life insurance product are designed to measure the desirability of owning life insurance. Some items are explicit in measuring the quantity of life insurance desired while other items measure product line preferences.

VII. HYPOTHESIS DEVELOPMENT RELATED TO THE LIFE INSURANCE PRICE

The hypothesis relating to attitudes toward life insurance pricing is included so that an important area of controversy can be explored. Failure of the life insurance industry to engage in price competition has resulted in much of the criticism of the life insurance marketing system. Growing discontent and conflicting research related to the price of life insurance led to the formation of the "Joint Special Committee on Life Insurance Costs." The purpose of the committee was:

> . . . to consider the method or methods that a prospective buyer of life insurance may find most suitable for use in comparing the premiums, dividends and cash values of comparable policies that are offered by different life insurance companies.[37]

The committee did not deal with attitudes toward price, but studied the technical, financial and statistical aspects of determining the true price of life insurance. The committee did recognize the role of values and attitudes in this concluding statement:

> A second question is whether the use of two methods might be desirable--one for persons desiring to appraise the life insurance policy in terms of attractiveness if kept in force until maturity by death or endowment, the other designed particularly for those who attach greater importance to the cash values that it provides.[38]

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[37]Joint Special Committee on Life Insurance Costs, (New York: Institute of Life Insurance, 1971), p. 5.

[38]Ibid., p. 20.

But the committee concluded that:

> Putting forward a choice of methods is tempting,
> but unwise. To do so would inevitably complicate
> a subject that needs to be kept straightforward.[39]

It could be hypothesized that rejection of individual attitudes and goals as a consideration in determining the pricing methods assumes that the committee should determine how the individual should spend his money. It is the assumption of the researcher that individual objectives and goals are very important considerations in understanding life insurance pricing.

It should be noted that the purpose of this section is not to discredit the contribution of the Joint Special Committee on Life Insurance Costs, but to emphasize the influence of consumer attitudes, an area that the committee did not explore. The credentials of the members of the committee indicate that they were very competent in the area of the technical aspects of pricing methods. Committee members were representatives of leading life insurance companies and they agreed on the interest-adjusted method of pricing to encourage price competition in the life insurance industry.

The "traditional method" for determining the true price of a whole-life or endowment life insurance policy is to add together the premiums for a period of years, usually twenty, and to subtract the cash value at the end of the period including the sum of all policy dividends shown in the life insurance company's illustration for the period.[40] The price is described as a "net cost" per $1,000 when the "traditional method"

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[39]Ibid.

[40]Ibid., p. 5.

is used. Some of the criticisms leveled at the "traditional method"

when it is used as an index of comparative net cost have been as follows:[41]

1. The "traditional method" ignores interest and fails to
give recognition to the time when a dollar is paid either by
or to the policyholder.

2. The "traditional method" is based on an assumption
that the purchaser will keep his policy in force
for a fixed number of years.

3. The "traditional method" carries an implication that
if the policyholder keeps his life insurance policy
in force for the indicated period, the cost will be
very little or a profit may be realized.

4. The "traditional method" assumes that the current divi-
dend scale will continue unchanged, a clearly artifi-
cial assumption and certainly not an expectation.

The interest-adjusted method, adopted by the Joint Special Commit-

tee on Life Insurance Costs, attempts to provide the life insurance lay-

man with a more objective method for determining the true price of the

life insurance product. The Joint Special Committee on Life Insurance

Costs maintains that the interest-adjusted method: (1) takes the time of

payment into account, (2) is easy to understand without the use of ad-

vanced mathematics, and (3) does not suggest a degree of accuracy that

is beyond that justified by the circumstances.[42]

The interest-adjusted method allows the user to: (1) select a

time period and interest rate, (2) accumulate dividends, if any, at

interest to the end of the selected period, (3) divide accumulated divi-

dends, at interest by an interest factor that converts the result into

a level annual amount occuring over a selected period, and (4) determine

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[41]Ibid., p. 6.

[42]Ibid., p. 21.

the annual amount occurred over a selected period of time and subtract the annual premium.[43]

If the true price of life insurance is to be determined, it must be assumed that "the true price of a product or service changes whenever any of the associated elements in the package change, as well as when the money amount to be exchanged is altered.[44] An understanding of customers' attitudes toward money itself is essential to an understanding of the source and power of most customer attitudes toward price.[45] Consumers' attitudes toward specific numerical prices, differentials in price for different sellers of the same product, exchanges in price, etc., are often the major explanation for consumer behavior; these, however, seem less salient than consumers' attitudes toward money.[46]

In the United States most people have very strong attitudes toward money. It is assumed that it is not possible to explain consumer behavior fully or set prices effectively without taking cognizance of the content and power of attitudes.[47] Since this study defines the life insurance price as "the exchange of money for the life insurance product," attitudes toward the money exchange process are emphasized in questionnaire items. The terms cost and premium are used in questionnaire items

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[43]Ibid.

[44]Donald V. Harper, Price Policy and Procedures, (New York: Harcourt, Brace & World, Inc., 1966), p. 1.

[45]Alfred Oxenfeldt, et. al., "Attitudes and Pricing", Ed. Stewart Henderson Britt, Consumer Behavior in Theory and Action, (New York: John Wiley & Sons, Inc., 1970), p. 373.

[46]Ibid.

[47]Ibid., p. 374.

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to denote the money exchange concept. The concept of price set forth by
the "Joint Special Committee on Life Insurance Costs" is probably beyond
the comprehension of most consumers. But as life insurance companies
adopt the interest-adjusted method, consumers may develop an improved
awareness of the price of life insurance.

VIII. HYPOTHESIS DEVELOPMENT RELATED TO LIFE INSURANCE PROMOTION

Life insurance is usually associated with intense personal selling.
Some life insurance industry communication to consumers is designed to
merchandise specific types of life insurance products without considering
individual goals and objectives. Much evidence could be cited that life
insurance agents are taught deceptive techniques to force the consumer
into buying.[48] Or to say it another way, selling is considered more
important than straightforward sincere and fair communication.

> The Fortune National Life Insurance Company of
> Pittsburgh agreed to pay $15,000 in penalties after
> the Pennsylvania Insurance Department found that For-
> tune National agents were selling life insurance by
> calling it an investment. The company agreed to re-
> vise its promotional materials and to conform with
> Pennsylvania law. One purchaser. . . had been mis-
> led to believe he was purchasing shares in the company.[49]

Some agent remarks recorded by a member of the Institute for Social
Research, Survey Research Center, University of Michigan are typical.[50]

> We may purposely call at a time when we know
> he's not home. We call for him, but his wife answers

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[48]James Gollin, Pay Now Die Later, (Baltimore, Maryland: Penguin
Books, Inc., 1969), pp. 17-28.

[49]Consumer Reports, XXXVII, (February, 1972), p. 112.

[50]David G. Bowers and Neal L. Creswell, Study of Agents and Agency
Management for the Northwestern Mutual Life Insurance Company, (A Report
of Field Research Conducted in General Agencies August 1962 to February
1963), p. 14.

> the phone and that gives us a chance to let her
> know. . .
>
> I do try my best to preserve a man's dignity
> or self-confidence. If I find out that he knows
> something that's a little unusual, I tell him 'Heck,
> I didn't know that!' I just make a remark that he
> knows more about that than I do.

General agents try very hard to keep morale up by indoctrinating

salesmen in being shrewd.[51]

> Henry Cox is a real professional. Like all good
> in-the-house salesmen, he knows that the kitchen is
> the heart of the home. (More sales are made at the
> kitchen table than anywhere else! his training manual
> advises.) Once Henry has you in your own kitchen, he's
> much more your friend than your guest--and you've
> taken the first big step closer to becoming his cus-
> tomer.

Another technique that is very effective in developing an intense

personal selling situation is described below:[52]

> The presence of the wife at the sales interview
> is associated with a considerably higher rate of
> sales. Among those who said their wives were pre-
> sent, 55 percent reported buying, while among those
> who said their wives were not, 32 percent bought.

Sometimes sales techniques are aimed at using the wife to pressure

the prospect in the sales situation, possibly by making it appear that

the prospect doesn't love his wife if he refuses to buy. In a study of

recent contacts it was discovered that the purchase rate was 66 percent

if the husband-wife discussion of the agent's proposal was conducted only

with the agent present; the purchase rate dropped to 38 percent if the

husband-wife discussion of the agent's proposal was conducted without

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[51]Gollin, Op. Cit., pp. 20-21.

[52]Life Insurance in Focus: Factors Related to Success in the Last
Sales Interview, III, (Hartford: Life Insurance Agency Management Asso-
ciation, 1962), p. 64.

the agent present, and the purchase rate was 28 percent if the wife did not know of the sales contact.[53] Intense discussion of a man's financial responsibilities evokes anxiety and probably develops hostility toward the agent.

Possibly the poor image of the life insurance agent results from a failure to develop rapport between the agent and client. The industry justifies many promotional techniques that sell life insurance but are questionable from the point of view of consumer orientation.

Perhaps the reason so many life insurance agents fail is that they do not satisfy their customers by developing an environment of mutual trust and respect. The most successful agents (Million Dollar Round Table Members) operate in ways that have little to do with standard agency system training.[54] One writer indicates that Million Dollar Round Table Members concentrate on consumer needs and desires, and avoid the use of intense pressure in the sales situation.[55]

In this study life insurance promotion is defined as "personal selling, advertising, publicity and special sales promotion." Most life insurance company advertising is geared to benefit the company image and develop public awareness of programs. Only limited newspaper, direct mail and magazine advertising tries to induce consumers to take immediate action in purchasing life insurance. Most special sales promotion consists of sales contests, incentives and programs to encourage salesmen to increase production.

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[53]Prospects and Agents: An Opinion and Attitude Study, (Hartford: Life Insurance Agency Management Association, 1967), p. 25.

[54]Gollin, Op. Cit., p. 109.

[55]Ibid., p. 110.

Life insurance companies attempt to increase an awareness of social responsibility by assisting a wide range of social causes. Much of the commitment to programs in the public interest is publicized as assistance to the solution of urban problems.[56] Industry research is seldom concerned with alleviating social problems associated with the life insurance distribution system.

The research hypothesis related to promotion, which is stated earlier in this study, is explored by including questionnaire items that relate to the desire for information concerning life insurance, attitudes toward company advertising and attitudes concerning interaction with a life insurance agent. The items are designed to measure attitudes toward the promotional efforts of life companies.

IX. DEVELOPMENT OF SPECIFIC HYPOTHESES

The general objective is to test three major hypotheses related to attitudes toward life insurance product, price and promotion. The first step toward reaching this objective was to develop attitude items that provide a reliable measure of the three variables under investigation. After scales were developed to measure attitudes toward product, price and promotion, then influences of these variables could be explored. To justify the belief that attitudes can be measured, Kassarjian and Nakaniski compared seven different methods used in marketing research for measuring attitudes, opinions, preferences or beliefs.[57] They

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[56]Most life insurance companies invest their assets in urban areas. Life companies have a vested interest to protect in the solution of urban problems.

[57]Harold H. Kassarjian and Masao Nakaniski, "A Study of Selected Opinion Measurement Techniques", Journal of Marketing Research, IV, (May, 1967), p. 153.

rejected the hypothesis that each method would produce significantly different results. All methods produced high intermethod correlations whether the groups were independent of each other or consisted of one group in which all subjects used all methods.[58]

A major question facing marketing today is exactly how, in what way, and to what extent do social factors influence consumer behavior.[59] The basic problem of this dissertation is to delineate a social variable-- degree of economic liberalism or attitudes toward big business--and then to analyze this variable's influence on life insurance attitudes.

Often influences of attitudes are highly intercorrelated or inter- twined so that it is impossible to be certain whether a social factor is a direct influence. Also the possibility cannot be overlooked that the social factor is merely intercorrelated with a third influencing factor and should not be linked to causation. This research attempts to test for sets of variables that may influence attitudes toward the life in- surance price, product and promotion. The statistical technique to test for the correlation between two sets of variables is canonical analysis.

The hypotheses are assumed states of the world and the main function is to provide a methodological framework for empirical analysis. Another function is to make easier understanding of the significance of a con- cept or observation that would otherwise be meaningless.

Null hypotheses which state that there is no significant difference between two or more groups in regard to a dependent variable or no

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[58]Ibid.

[59]James Ellis Stafford, "A Sociometric Analysis of Group Influences on Consumer Brand Preferences", Ed. Stewart Henderson Britt, Consumer Be- havior in Theory and in Action, (New York: John Wiley & Sons, Inc., 1970), p. 210.

relationship in the overall relationship between sets of variables.

The three general hypotheses are:

1. No significant relationship exists between attitudes
   toward promotion of life insurance and selected socio-
   economic variables. The socio-economic variables include
   economic liberalism, attitudes toward big business,
   support for government regulation, quantity of life in-
   surance owned, education of male household head, education
   of wife, number of children, age, occupational status of
   male household head and occupational status of the wife.

2. No significant relationship exists between attitudes toward life
   insurance pricing and selected socio-economic variables. The
   socio-economic variables are the ones listed in hypothesis 1.

3. No significant relationship exists between attitudes toward
   the desire to own the life insurance product and selected
   socio-economic variables. The socio-economic variables
   are the ones listed in hypothesis 1.

Socio-economic variables are defined as social, psychological or

economic characteristics that have different degrees of magnitude or

different categories common to a number of individuals. Number of

children, age, education of male household head, education of wife,

occupational status of male household head, and occupational status of

the wife are standard social characteristics that are considered in-

fluences upon human behavior.[60] Quantity of life insurance owned is

considered an outward manifestation of an individual's association with

the life insurance product and does not necessarily indicate attitudes

toward the life insurance product. To test this hypothesis, influences

of ownership of life insurance are examined.

Economic liberalism, attitudes toward big business and support for

government control and regulation are considered social-psychological

components of the socio-economic variables. These factors were included.

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[60]See: Donald J. Bogue, Principles of Demography, (New York: John
Wiley and Sons, Inc., 1969).

to probe general personality orientations that could be underlying influences of attitudes toward life insurance price, promotion and product. These social-psychological orientations were examined because life insurance industry research or sociological attitude studies have considered these orientations as important determinants of behavior toward economic decisions.[61]

As a means of measuring attitudes toward economic liberalism, a modified edition of the Minnesota Survey of Opinion (Long Form) is used.[62] The researcher revised the Minnesota economic conservatism scale and then analyzed for reliability by factor analysis. An orientation toward economic liberalism indicates a desire for change in the business and economic environment. It is hypothesized that the economic liberal is opposed to the status quo and desires change in the economic system.

Support for government control and regulation scale measures attitudes toward involvement in social welfare. The scale measures whether the government should do a "great deal" or "very little" in solving various social problems. The scale used in this study is a modified edition of the Opinion Research Corporation's Attitude Toward Government Scale.[63] The modified scale was factor analyzed for reliability. Attitudes toward government regulation is an area that the life insurance industry is constantly monitoring. This study is specifically concerned

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[61]See Monitoring Attitudes of the Public, (New York: Institute of Life Insurance, 1971) and Delbert C. Miller, Handbook of Research Design and Social Measurement, 2nd ed., (New York: David McKay Company, Inc., 1970).

[62]Miller, Op. Cit., pp. 240-252.

[63]John P. Robinson, Jerrold G. Ruck and Kendra B. Head, Measures of Political Attitudes, (Ann Arbor, Michigan: Institute for Social Research, University of Michigan, 1969), pp. 193-195.

with how attitudes toward support of government regulation relate to attitudes toward life insurance.

In a survey of attitudes toward "big business" the life insurance business emerged as an exemplification of big business.[64] The measurement of attitudes toward big business should provide an indication of the general attitude that influences specific opinions toward the life insurance industry. As a means of measuring attitudes toward big business, use was made of the large company series of the Opinion Research Corporation attitudes toward government scale.[65] The attitude toward big business scale is modified and factor analyzed to test for reliability.

As a measurement of occupational status, the O. D. Duncan prestige indices for all 446 occupations listed in the Detailed Classification of the Bureau of the Census is used.[66] The Duncan scale rests on subjective assessments, but many researchers believe the scale is valid in that the scale measures social class or status. Occupational status may influence friends, income, marriage, health, life expectancy and possibly attitudes toward life insurance.

X. GENERAL RESEARCH DESIGN

The basic research design is an attitude survey conducted in three metropolitan areas which were used to accomplish the following objectives:

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[64] Monitoring Attitudes of the Public, (New York: Institute of Insurance, 1969), p. 71.

[65] Robinson, Ruck and Head, Op. Cit., p. 193-195.

[66] Blan, Peter M. and Duncan, Otis D., The American Occupational Structure in the United States, (New York: John Wiley and Sons, Inc., 1967).

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1. Provide a wide geographic basis for inference.

2. Include a mixture of ethnic and cultural differences.

3. Develop a basis for comparison between cities.

4. Secure a sample from a large heterogeneous population base.

The sampling design consists of probability samples conducted in the following metropolitan areas: Denver, Colorado; New Orleans, Louisiana; and Miami, Florida.

Questionnaire items and attitude items were formulated for the three hypotheses. In the early stage of the project 100 unstructured interviews were conducted to test the wording of questions, sequence order of questions, and determine the most desirable content of questions. The pre-test was conducted on a convenience basis in Hammond, Louisiana. After this questionnaire was revised another twenty-five pre-test interviews were conducted to audit revisions. Most questions associated with the instrument are based on insights gained from previously conducted attitude surveys related to life insurance, literature pinpointing specific problems related to attitudes and socio-economic influences suggested from a review of relevant literature.

Although the pre-test questionnaire was presented in clusters of questions relating to a specific hypothesis, the final questionnaire was structured so that questions and scale items were mixed, demulcenting life insurance questions to the respondent.

This procedure was followed in an attempt to prevent general orientation attitude items from being biased by a reference to life insurance. Overall, the questions appeared in a sequence order to minimize bias. A copy of the final questionnaire appears in Appendix A.

XI. SAMPLE DESIGN AND INTERVIEWING

The metropolitan areas of Denver, Colorado; New Orleans, Louisiana; and Miami, Florida were chosen as sampling points for several reasons:

1. These metropolitan areas have above average growth rates with a high rate of in-migration. The following percentages of male household heads were born in their respective metropolitan areas: New Orleans, 52 percent; Denver, 19 percent; Miami, 5 percent.[67]

2. All three areas are over one million population and have similar life styles. Other metropolitan areas have similar characteristics, i.e. Atlanta, St. Louis, Memphis, Houston, Louisville, San Diego, and Seattle.

3. The attitudes and desires of customers in the market areas surveyed should be considered important by most life insurance companies with national markets.

4. A national survey was impossible due to the financial limitations of this study. It was assumed that three cities in three different geographical areas would provide a better measure of life insurance attitudes than a survey in one metropolitan area.

No claim is made that the results from these three metropolitan areas can be projected to the United States. But it is believed that similar complaints, discontent with and anxiety about life insurance exists throughout the United States. Geographically, the sample is slanted toward Southeast and West more than toward other geographical regions.

The specific sample design consisted of a multi-stage area probability sample of approximately 150 subjects in each metropolitan area. An area sample is a type of probability sample.[68]

Probability sampling consists of sampling selected items at random

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[67]U.S. Bureau of the Census, 1970 Census of Population and Housing: "Employment Profiles of Selected Low-Income Areas", PHC (3) 40, 42, 43, (Washington: Government Printing Office, 1972), pp. 208, 273.

[68]Richard Crisp, Marketing Research, (New York: McGraw-Hill Book Company, Inc., 1957), p. 244.

(known probability) from a defined universe of units.[69] Only for pro-
bability samples, where each element comprising the universe has a known
chance of being included, can sampling error be estimated and confidence
levels intervals be determined. The resulting benefit is the ability to
project the data from a probability sample for the universe from which
the sample was drawn and to treat the sample data as representative of
the universe.[70]

A frequently used form of area sampling, the form used in this
study, is block sampling. In this case rather than choosing families
at random, blocks are chosen at random with part of the families on
selected blocks being interviewed.[71] Uhl and Schoner list several advan-
tages of area samples.[72]

1. An area sample (particular type of cluster sample)
   frequently is made much more reliable than a simple
   random sample of the same costs because clustering
   of interviews permits a much larger sample size
   (assuming financial constraints).

2. Whereas a list of clusters (areas) may be available
   and a list of interviewees may be readily available
   for each of the clusters, such a list may not be
   available for the population as a whole. For example,
   one may not have a list of families in Denver, New
   Orleans and Miami, but nevertheless have a list of
   blocks.

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[69]Charles T. Clark and Lawrence L. Schkade, Statistical Methods for
Business Decisions, (Cincinnati: South-Western Publishing Co., 1969),
p. 275.

[70]Ronald Kurtz, Marketing Research, (Braintree, Massachusetts: D.
H. Mark Publishing Co., 1969), p. 80.

[71]For a detailed explanation of this method see David J. Luck,
Hugh G. Wales, and Donald A. Taylor, Marketing Research, (Englewood
Cliffs, New Jersey: Prentice-Hall, Inc., 1970), pp. 227-232.

[72]Kenneth P. Uhl and Bertram Schoner, Marketing Research:
Information Systems and Decision Making, (New York: John Wiley and
Sons, Inc., 1969), pp. 135-136.

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One important disadvantage of the area sample is the problem of

intra-cluster homogeniety. When selecting geographic clusters, it may

be necessary to choose a large number of primary sampling units (PSU) to

avoid this problem. The sampling procedure can be summarized as:

1. The population is proportioned within geographical
   areas based on 1970 Census tract data.

2. The primary sampling units (PSU) are four square
   block areas within each major geographical segment.

3. These PSU are drawn by numbering them within each
   segment in a serpentine manner and then drawing
   individual segments by using a table of random
   numbers.

4. Interviewers are instructed to begin at a random
   starting point within each PSU and follow a pre-
   determined route, interviewing at every nth house.

XII. SAMPLE SIZE

A total of 475 interviews were conducted in the three sample areas.

Several considerations indicated that this sample is sufficient for the

purposes of this study.

The concepts of sampling error, confidence intervals and confidence

levels are of great importance in the determination of sample size.[73]

Most sample size formulas are designed for infinite populations so that

population size is usually not a major consideration in determining sample

size. But larger samples, for the same level of confidence, generate

narrower confidence intervals and thus carry more information than do

smaller samples.[74] Most formulas require some advance knowledge of the

population because the standard deviation is used to compute a sample size.

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[73]Kurtz, Op. Cit., p. 87.

[74]Uhl and Schoner, Op. Cit., p. 125.

One aspect of sampling that is frequently misunderstood is that:

> . . . formulas relate to the sample size needed for one particular characteristic of interest. Typically, several values are of interest and each of these may require a different sample size. One consequence is the necessity for compromise on the question, some estimates being provided with less precision than is really wanted and others having greater realibility than is necessary.[75]

In addition, the precision gained for characteristics of interest as well as universe segments may be determined after the sample is collected. If the sample precision is unsatisfactory, then sequential samples would be conducted.[76]

A formula is presented to indicate the sample size desirable in each metropolitan area assuming a known standard deviation and confidence level. It should be noted that since most questions are analyzed for the three urban areas combined, the total sample size used in this survey should be adequate for most questions. Metric responses have been taken into consideration in the development of this formula.[77]

$$n = \frac{z^2 \cdot S^2}{(\mu - \bar{x})^2}$$

Assume that before this investigation was conducted, the pre-test indicated the average attitude item had a mean of 5.6 with a standard deviation of 3.1. This information can be used in establishing the sample size required to obtain an estimate precision of $\pm$ .5 of an interval with a confidence level of 95 percent.

$$n = \frac{1.96^2 \times 3.1^2}{.5^2}$$

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[75]Harper W. Boyd, Jr. and Ralph Westfall, Marketing Research, 2nd ed., (Homewood, Illinois: Richard D. Irwin, Inc., 1964), p. 381.

[76]See: Luck, Wales and Taylor, Op. Cit., pp. 245-246.

[77]See: K. A. Yeomans, Applied Statistics for the Social Scientist: Volume Two, (Middlesex, England: Penguin Books, Ltd., 1968), p. 42.

n = 148 to nearest whole number above.

Given these specifications, a sample of 150 was needed for confidence at the .05 level in each metropolitan area. It should be emphasized that the mean and standard deviation of specific attitude items did fluctuate and that this formula cannot be used as a general guide to the reliability of the sample size. But since most items are analyzed for the entire population base, the total sample size of 475 is assumed to have a respected confidence level for most questionnaire items.

The total number of interviews conducted can be summarized as:

Denver	154
New Orleans	162
Miami	159
Total Sample Size	475

The population is defined as all males, heads of household, 18 years of age and older. Although women do represent a sizeable market, 86 percent of the life insurance purchased in 1970 was purchased by males.[78] The major justification for an all male sample is that the existing market for life insurance is primarily male.

XIII.   INTERVIEWING PROCEDURE

The interviewing procedure consisted of personal in-the-home interviews with the male head of the household. Experienced interviewers were used in all metropolitan areas to assist in the field work. These interviewers were briefed and supervised by the researcher in all areas. A 25 percent validation of the interviewing was conducted in the metropolitan areas to check for possible interviewer bias. All questionnaires

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[78]1971 Life Insurance Fact Book, Op. Cit., p. 20.

remain on file with the name, address and phone number of each respon-

dent.

XIV. CODING AND DATA PROCESSING

All questionnaires were coded on optical scan sheets for auto-

matic machine key punching. The researcher personally coded all open

end questions, assisted and supervised one assistant in the coding of

structured attitude items. The data were tabulated, cross-tabulated

and statistically analyzed at the Louisiana State University Computer

Research Center and the Southern Illinois University Data Processing

Center.

XV. STATISTICAL ANALYSIS

Three multivariate statistical methods are used to analyze survey

results. Factor analysis is used to measure intercorrelation. Canonical

analysis is utilized to determine correlation between two clusters or

sets of variables. Stepwise multiple regression is used when a single

metric dependent variable and two or more independent variables are in-

volved. It should be noted that the survey is not designed to test multi-

variate statistical tools; rather the statistical methods were chosen

to determine consistency and reliability of research conclusions.

> Factor analysis is based on this proposition:
> If there is systematic interdependence among a set of
> observed (manifest) variables, it must be due to some-
> thing more fundamental (latent) which creates common-
> ality.[79]

The manifest variables can be considered as indicators of a single fac-

tor.

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[79]Sheth, Op. Cit., p. 16.

Factor analysis can be applied to explore a
content area, structure a domain, map unknown con-
cepts, classify or reduce data, illuminate causal
nexuses, screen or transform data, define relation-
ships, test hypotheses, formulate theories, control
variables or make inferences.[80]

Factor analysis is used in this study in delineating a distinct cluster of interrelated data. Presumably attitudes toward the life insurance price, promotion and product should be somewhat consistent so that attitude items related to price, for example, should be inter-correlated. In this study the basic approach is to hypothesize a "rational sorts of attitude items related to price, product and price, then factor-analyze the data to see whether a dimension emerges."[81]

The objective in canonical analysis is to predict simultaneously a set of dependent variables from their joint covariance with a set of independent variables.[82] The basic objective of canonical analysis is to:[83]

1. Develop a single index to represent the set of criterion variables then analyze for composite association between sets of criterion and predic-tor variables.

2. Determine the maximum correlation between the criterion variables and the predictor variables.

3. Test statistical significance of the correlation measures.

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[80]R. J. Rummel, "Understanding Factor Analysis", *Journal of Con-flict Resolution*, XXVII, (December, 1968), p. 448.

[81]Ibid., p. 452.

[82]Sheth, *Op. Cit.*, p. 15.

[83]Green, Paul E., Michael H. Halbert, and Patrick J. Robinson, "Canonical Analysis: An Exposition and Illustrative Application", *Journal of Marketing Research*, III, (February, 1966), p. 33.

In some phases of this study canonical analysis is combined with
factor analysis to determine correlation between factors, i.e. life
insurance product vs. economic liberalism, which is developed in the
first stage of the statistical analysis. This methodological approach
is justified by Green, Halbert and Robinson.[84]

> Furthermore, canonical analysis can be combined with
> other multivariate techniques for more efficient anal-
> ysis, should the problem justify it. As an illustra-
> tion, if one were dealing with a large set of criterion
> and predictor variables, one could first conduct a
> factor analysis on each set and then run a canonical
> analysis on the principal components.

In some phases of this study canonical analysis is not used with
factor analysis. In these cases the overall relationship (correlation)
between sets of hypothesized interrelated sets of variables is corre-
lated with another set in intertwined items (attitudes toward life in-
surance product) to determine if there is statistical significance. This
technique may be summarized as a method that develops the canonical
correlation index which would be obtained if the two composite variables
were formed and carried through a two-variable linear correlation.[85]

Stepwise multiple regression is used when the researcher has a
single, metric dependent variable which is presumed to be a function of
other independent variables.[86] The unique characteristic of the step-
wise multiple regression is the correlation of the independent variables
followed by the systematic deletion of the independent variables based
on the F ratio and the multiple R^2. Examination of the F ratio makes

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[84]Ibid., p. 37.

[85]Ibid., p. 35.

[86]Sheth, Op. Cit., p. 14.

possible determination of those independent variables that are highly correlated to the dependent variable. Sheth indicates that stepwise multiple regression is used to predict consumer buying behavior from knowledge of personality and socio-economic variables.[87]

The analysis uses stepwise multiple regression to predict quantity of life insurance purchased from socio-economic variables and personality attitude orientations related to price, product, promotion, economic liberalism, support for government regulation and control, and anti-big business attitudes.

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[87]Ibid.

CHAPTER FOUR

RESULTS

The purpose of this chapter is to present the results of the data collected from respondents in the three metropolitan areas surveyed. The chapter presents an overall view of attitudes toward the life insurance product, price and promotion. The basic approach of the chapter is to:

1. Present attitude item factors that correlate highly with product, price and promotion.

2. Present supplementary survey findings related to product, price and promotion.

3. Present socio-economic factor components and findings to be used in the analysis and interpretation of the results.

4. Develop some conclusions of attitudes toward the life insurance marketing system.

5. Emphasize the findings and survey data collected—rather than the research methodology, although results reported are quite dependent upon the research design and judgments made.

I.   INTERPRETATION OF RESULTS

All questionnaire attitude items were sorted into what were perceived to be groups of questions which were interrelated. "This is referred to as a rational sort, and should proceed the administration of any questionnaire for factor analysis."[1]   The initial survey instru-

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[1]Robert S. Hoeke and Roger E. Potter, "Stock Investor Behavior—An Application of Multiple Factor Analysis." A Paper Presented at the Third Annual Convention American Institute of Decision Sciences, (October 29, 1971), p. 2.

ment consisted of attitude items related to the life insurance product.
These items were compiled from exhaustive literature search, pre-test
non-directive interviews, and a review of previous survey instruments
used in life insurance attitude studies. Based on second order factor
analysis, only attitude items that proved to be highly intercorrelated
are presented in the results.

In the interpretation of factor dimensions it is necessary to
state:

> . . . rotated factors are interpreted by item loadings.
> The sign of the loading must be considered in the
> interpretation. If negative, the sense of the item
> must be reflected. The strength is still considered
> to be proportional to the loading. Generally items
> should be considered which have loading greater than
> .400, and which lie in a cluster of loadings.[2]

Items with loadings of .250 and .400 are considered for the "flavor"
they add to the factor. For example, item number 34 in Table I is
-.39407 indicating an acceptable but near marginal relationship. The
negative correlation of item 34 indicates that the other five items
are probably valid.

It should be noted that the negative or positive signs refer to a
direction of change relative to other attitude items rather than to
positive or negative responses. Agreement or disagreement with attitude
items is indicated by the mean. The following quantitative values were
assigned for measurement purposes.

1	2	3	4	5	6	7
Strongly Agree	Agree	Slightly Agree	Don't Know	Slightly Disagree	Disagree	Strongly Disagree

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[2]Ibid., p. 4.

TABLE I

THE PRODUCT DESIRABILITY FACTOR ANALYSIS DIMENSION

Item Statement	Questionnaire Item Number	Factor Loading*	Positive or Negative**	Mean***	Standard Deviation
A family should have as much life insurance as the breadwinner can afford.	12	.69629	+	3.08	1.8
A family should have as much life insurance as it would take for the breadwinner's family to be self-supporting.	15	.65064	+	3.05	1.7
Life insurance is a necessity.	25	.61184	+	2.69	1.8
I bought or would buy life insurance based on the expected cash value when the policy matures.	27	.52062	+	3.22	1.7
I bought or would buy life insurance based on a desired amount of coverage or protection in case of death.	29	.46362	+	2.43	1.4
A family should only have the minimum life insurance needed to pay final medical and burial costs.	34	.39407	–	5.09	1.9

*A factor loading squared multiplied by 100 explains percent of variance of the total dimension that a specific item explains (.40 or above is significant).

**Positive or negative signs refer to a direction of change relative to other attitude items.

***The mean is computed for 475 respondents based on values of 1 for strongly agree to 7 for strongly disagree. A mean of less than 4 indicates overall agreement, greater than 4 indicates overall disagreement.

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TABLE II

NUMERICAL AND PERCENTAGE DISTRIBUTION OF RESPONSES TO THE PRODUCT DESIRABILITY DIMENSION*

	Strongly Agree		Agree		Slightly Agree		Don't Know or No Response		Slightly Disagree		Disagree		Strongly Disagree		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
12. A family should have as much life insurance as the breadwinner can afford.	72	15	186	39	85	18	4	1	46	10	54	11	28	6	475	100
15. A family should have as much life insurance as it would take for the breadwinner's family to be self-supporting.	67	14	179	38	102	22	11	2	43	9	54	11	19	4	475	100
25. Life insurance is a necessity.	123	26	179	38	70	15	13	2	31	7	34	7	25	5	475	100
27. I bought or would buy life insurance based on the expected cash value when the policy matures.	51	11	171	36	107	23	18	3	47	10	59	12	22	5	475	100

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TABLE II--Continued

	Strongly Agree		Agree		Slightly Agree		Don't Know or No Response		Slightly Disagree		Disagree		Strongly Disagree		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
29. I bought or would buy life insurance based on a desired amount of coverage or protection in case of death.	83	18	260	55	74	16	6	1	11	2	30	6	11	2	475	100
34. A family should only have the minimum life insurance needed to pay final medical and burial costs.	22	5	58	12	37	8	14	2	76	16	151	32	117	25	475	100

*The Product Desirability Dimension was delineated by factor analysis. This table is a frequency distribution of 475 respondents interviewed in Miami, Florida, Denver, Colorado and New Orleans, Louisiana.

A mean value of less than 4 indicates an overall agreement for the 475
respondents while an average response of greater than 4 indicates over-
all disagreement.

II. LIFE INSURANCE PRODUCT RESULTS

The goal in measuring attitudes toward the life insurance product
is to determine the desirability of life insurance as a product which
provides protection and economic security. No attempt was made to
give respondents a definition of life insurance and it is hoped that
various responses will provide an indication of the general view of
life insurance.

All expressed attitudes toward desirability of the life insurance
product indicate overall agreement with the exception of item number 34
which had a high disagreement value of $\bar{x} = 5.09$. This disagreement
response, when viewed in conjunction with agreement responses toward
the other items related to desirability of the product, indicates that
respondents desire more than a minimum amount of life insurance.

Seventy-nine percent of the respondents agree, strongly agree or
slightly agree that life insurance is a necessity. Seventy-four per-
cent agree that a family should own enough life insurance to make the
breadwinner's family self-supporting in the event of his death and 72
percent of the respondents believe that the family should have as much
life insurance as the breadwinner can afford. Only 25 percent of the
sample feel that a family should have only the minimum life insurance
needed to pay final medical and burial costs.

It is noted that 89 percent of the respondents bought or would buy
life insurance based on desired protection and 70 percent bought or

would buy based on cash value when the policy matures. Apparently many

consumers view cash value as a component of all life insurance policies

or that consumers have been conditioned to desire protection in case of

death tied to cash value when the policy matures. Since these response

patterns are highly intercorrelated, cash value and death protection

may be assumed to be considered as components of the same product. The

fact that these two attitudes are intertwined does not necessarily lead

to the conclusion that life respondents desire whole-life insurance over

term life insurance. As Table III indicates, 50 percent of the re-

spondents had purchased personal whole-life insurance. It is possible

TABLE III

NUMERICAL AND PERCENTAGE DISTRIBUTION OF RESPONSES TO
THE CLASSES OF LIFE INSURANCE PRODUCTS OWNED BY RESPONDENTS

(Respondents are classified on a mutually
exclusive basis for each class of life insurance)

Responses	Yes		No		Total	
	No.	%	No.	%	No.	%
Personal term life insurance (pro-tection terminates some time in the future)	168	35	307	65	475	100
Personal cash value life insurance (whole-life or endowment)	237	50	238	50	475	100
Group life insurance (such as company or union life insurance)	247	52	228	48	475	100
Veterans life insurance	61	13	414	87	475	100
Industrial, fraternal or burial society life insurance (collect every month)	49	10	426	90	475	100

that many respondents could be reflecting knowledge of the product that

they had purchased before the survey was conducted.[3]

Additional probes to determine what type of policy benefits re-

spondents expect indicate that protection for the family after death

is more important than cash value benefits. This conclusion is based

on respondent answers to an unaided post-coded question.

TABLE IV

NUMERICAL AND PERCENTAGE DISTRIBUTION
OF RESPONSES TO THE QUESTION: WHEN YOU THINK OF A
LIFE INSURANCE POLICY, WHAT TYPE OF POLICY BENEFITS DO YOU EXPECT?

Responses	No.	%
General protection for family after death	230	48
Cash value benefits (long run pay-off)	77	16
Cash value and death benefits	94	20
Education for children or some other saving purpose	4	1
Safety, security or general confidence in the investment	34	7
Don't believe in life insurance	9	2
Other	9	2
Don't know or no response	18	4
Total	475	100

As Table IV indicates, when respondents are not given alternatives,

death protection is viewed as the most important benefit associated with

the life insurance product. Whole-life and endowment policies offered

to the public by life insurance companies have cash value tied to pro-

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[3]Sample results approximate Institute of Life Insurance ownership
patterns. The Institute indicates 52 percent of all coverage was pro-
vided by individually purchased life insurance in 1970. The Institute
does not differentiate between individually purchased term and indi-
vidually purchased whole-life policies. Survey results indicate that
58 percent of the respondents that owned term life insurance also owned
whole-life insurance.

tection. Whole-life insurance may be assumed to be more aggressively distributed due to higher commission and profits associated with this product. A sizeable market segment did mention joint savings and protection benefits, cash value or endowment-type desires, however, the results suggest that companies should adjust the product mix to serve the market segment associated with term life insurance as well as the whole-life and endowment markets.

Average life insurance coverage for the male household heads surveyed in this study is $24,453. The size of this average may be influenced by the fact that the metropolitan areas of Denver, New Orleans and Miami are somewhat more affluent than many geographic areas of the country. Table V indicates the life insurance coverage maintained by respondents.

TABLE V

NUMERICAL AND PERCENTAGE DISTRIBUTION OF
RESPONSES TO THE TOTAL AMOUNT OF LIFE INSURANCE OWNED

Responses	No.	%
No Coverage	77	17
Less than $2,000	18	4
$ 2,000 - 4,999	15	3
$ 5,000 - 9,999	39	7
$10,000 - 14,999	67	14
$15,000 - 24,999	85	18
$25,000 - 49,999	98	21
$50,000 - and over	76	16
Total	475	100

Those respondents who do not own life insurance project the following profile:

1. Fifty-one percent have a total household income under
   $8,000 per year before taxes.

2. Thirty-two percent of the Spanish-speaking respondents
   have no life insurance; 20 percent of the Black respon-
   dents have no life insurance, and only 10 percent of
   the White respondents have no life insurance.

3. Those respondents without life insurance tend to be
   laborers, operatives, unemployed persons, retired
   persons or students.

4. Forty-four percent of the respondents without life
   insurance are between 18 and 24 years of age. All
   other age groups have proportional ownership of life
   insurance.

III. CONCLUSIONS ABOUT LIFE INSURANCE PRODUCT RESULTS

Results indicate that life insurance is a very desirable product.
Survey results indicate that life insurance is perceived as a necessity
by most respondents. Eighty-three percent of the respondents have some
type of life insurance coverage. Fifty-two percent of the respondents
have group life insurance coverage; 50 percent have individually pur-
chased whole-life or endowment life insurance; 35 percent have term
life insurance; 13 percent have veterans' life insurance, and 10 per-
cent have industrial life insurance. The following matrix indicates
the different classes of life insurance owned by respondents. For
example, of the total who own term, 58 percent own cash value, 64
percent own group, 19 percent own veterans' and 15 percent own in-
dustrial life insurance.

TABLE VI

PERCENTAGE OF RESPONDENTS
OWNING DIFFERENT CLASSES OF LIFE INSURANCE

(Life Insurance Coverage Matrix)

	Term	Whole-Life Endowment	Group	Veterans	Industrial
Term	--	42	44	54	54
Whole-Life Endowment	58	--	55	66	72
Group	64	57	--	58	28
Veterans	19	17	14	--	26
Industrial	15	14	13	20	--

It is possible, of course, for an individual to have any combination of products or all types of life insurance coverage. In other words, the categories are not mutually exclusive.

Most respondents believe that a family should (1) own as much life insurance as the breadwinner can afford, (2) own as much life insurance as it would take to make the breadwinner's family self-supporting, and (3) own a desired amount of coverage in case of death.

Attitude items as well as open and probing indicate that coverage or protection in case of death is more important than cash value or endowment features of policies. One reason for the customer's expectation that cash value will be received is the preponderance of sales effort on whole-life policies. Most advertising and other communication to consumers emphasizes the savings aspects of life insurance.

IV. LIFE INSURANCE PRICE RESULTS

Life insurance price is defined as the exchange of money for the life insurance product. Respondents appear to perceive and maintain superficial attitudes toward the life insurance price. Most respon-

TABLE VII

THE PRICE AWARENESS FACTOR ANALYSIS DIMENSION

Item Statement	Questionnaire Item Number	Factor Loading*	Positive or Negative**	Mean***	Standard Deviation
I have never attempted to compare policy costs from different life insurance companies.	19	.47997	+	4.22	2.0
I feel that life insurance companies do a good job informing me concerning the prices of different policies.	23	.57919	+	4.07	1.9
I do not feel that price or cost of an insurance policy is important in making a purchase decision.	32	.63533	+	5.14	1.8
I bought or would buy insurance policy based on the premium per month or year.	36	.49326	+	3.26	1.8

*A factor loading squared multiplied by 100 explains percent of variance of the total dimension that a specific item explains (.40 or above is significant).

**Positive or negative signs refer to a direction of change relative to other attitude items.

***The mean is computed for 475 respondents based on values of 1 for strongly agree to 7 for strongly disagree. A mean of less than 4 indicates overall agreement, greater than 4 indicates overall disagreement.

TABLE VIII

NUMERICAL AND PERCENTAGE DISTRIBUTION OF RESPONSES TO THE PRICE AWARENESS DIMENSION*

		Strongly Agree		Agree		Slightly Agree		Don't Know or No Response		Slightly Disagree		Disagree		Strongly Disagree		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
19.	I have never attempted to compare policy costs from different life insurance companies.	30	6	127	27	57	12	10	2	55	12	134	28	62	13	475	100
23.	I feel that life insurance companies do a good job informing me concerning the prices of different policies.	22	5	127	27	80	17	20	4	68	14	106	22	52	11	475	100
32.	I do not feel that price or cost of an insurance policy is important in making a purchase decision.	17	4	57	12	40	8	10	2	76	16	157	33	118	25	475	100
36.	I bought or would buy an insurance policy based on the premium per month or year.	40	8	192	40	96	20	16	4	34	7	75	16	22	5	475	100

*The Price Awareness Dimension was delineated by factor analysis. This table is a frequency distribution of 475 respondents interviewed in Miami, Florida, Denver, Colorado and New Orleans, Louisiana.

dents are not knowledgeable about a scientific system for the evaluation of the true price of life insurance. Attitude items designed to measure the price dimension were sorted into groups perceived to be items that were interrelated. The four sorted items proved to be highly inter-correlated based on second order factor analysis.

As Tables VII and VIII indicate, 74 percent of the respondents believe that the price of an insurance policy is important in making a purchase decision. But 68 percent of the respondents indicate that they bought or would buy based on the per month/year premium. This is apparently the "amount I can afford" approach and not a comparative cost basis. Forty-seven percent of the respondents do believe that life insurance companies do not do a good job of keeping them informed con-cerning the prices of different policies. Also 45 percent of the re-spondents have never attempted to compare policy costs from different life insurance companies.

Positive factor loading signs indicate that the respondents adjust attitudes to items in the same direction. For example, respondents believe that price or cost of a life insurance policy is important but these same respondents buy based on the premium per month/year and many have never attempted to compare policy costs from different life insur-ance companies. This apparent inconsistency in attitudes demonstrates a need for more information relative to price and cost comparison.

Another area of interest relative to price is the respondents' view of life insurance prices compared to prices of other products that may be considered necessities. A comparative analysis of prices should determine price satisfaction relative to prices prevailing in other industries. Table IX indicates that the price of life insurance is

viewed as "too high" compared to bread, electricity and telephone service. Items such as medicine, meat, doctor's services, auto insurance and housing fall into the "too high" category much more often than life insurance.

TABLE IX

NUMERICAL AND PERCENTAGE DISTRIBUTION
OF RESPONSES TO THE QUESTION: FOR EACH OF
THESE ITEMS, PLEASE TELL ME WHETHER YOU THINK IT IS
REASONABLY PRICED, OR WHETHER YOU THINK THE PRICE IS TOO HIGH.

Responses	Reasonable No.	Reasonable %	Too High No.	Too High %	Don't Know or No Response No.	Don't Know or No Response %	Total No.	Total %
Electricity	317	67	149	31	9	2	475	100
Medicine	85	18	365	75	25	7	475	100
Bank Loans	198	42	228	48	49	10	475	100
Loans from Small Loan Companies	44	9	379	80	52	11	475	100
Gasoline	185	39	281	59	9	2	475	100
Meat	124	26	335	71	16	3	475	100
Telephone	332	70	135	28	8	2	475	100
Life Insurance	267	56	175	37	33	7	475	100
Doctor's Service	110	23	346	73	19	4	475	100
Bread	298	63	162	34	15	3	475	100
Auto Insurance	53	11	415	87	7	2	475	100
Housing	124	26	342	72	9	2	475	100

No significant difference was noted between various groups that consider the life insurance product "too high." In all educational, occupational and other demographic sectors not less than 33 percent or more than 40 percent of the respondents viewed the price of life insurance as "too high."

V. CONCLUSIONS ABOUT LIFE INSURANCE PRICE RESULTS

Most respondents believe that price is an important consideration in making a purchase decision, but about half of the respondents do not

attempt to compare policy costs from different life insurance companies.
Also about one-half of the respondents believe that life companies do
not do a good job of informing them concerning the prices of different
policies. Evidence suggests that respondents buy on an "all I can
afford" basis since 68 percent indicate that they bought a life insur-
ance policy based on the premium per month/year.

Respondent perception of the price of several products assumed to
be necessities indicates that life insurance has a positive image when
compared to auto insurance, medicine and housing. The life insurance
industry should be a decreasing cost industry or at least a constant
cost industry due to increasing life span and a long run increase in
interest rates. Most of the other industries surveyed have experienced
rapidly increasing costs. Still 36 percent of the respondents believe
that life insurance is "too high." Three hypotheses are suggested as
possible explanations for this "believe the cost is too high" market
segment. It is possible that (1) respondents tie life insurance to a
generally rising price index; (2) negative attitudes toward agents re-
sult in a negative price reaction; and (3) respondents confuse price
with premiums and feel they are paying "more than they can afford."
Based on field interviewing experience, the writer suggests that hy-
potheses one and two typify the "too high" market segment.

Respondents are apparently unaware of a sophisticated method of
determining the price of life insurance such as the interest-adjusted
method suggested by the Joint Special Committee on Life Insurance Costs.
Respondents probably equate life insurance premiums with the life insur-
ance price. The survey results do suggest that consumers desire a more

comprehensible explanation of cost so that they can understand the true
price they pay for life insurance.

VI. LIFE INSURANCE PROMOTION RESULTS

Life insurance promotion is defined as "personal selling, adver-
tising publicity and special sales promotion." Attitudes toward agents,
methods of selling and communication from life insurance companies to
consumers were considered as the crucial indicators of the promotional
factor.

As Table X indicates, the promotional factor is labeled the anti-
promotional dimension to reflect three negative factor loadings. Al-
though seven variables were included in the "rational sort" of items
related to promotion, only four of these items are highly interrelated
with acceptable factor loadings. Items that did not load into a single
factor in second order factor analysis were dropped from the analysis
but are included in Appendix B (items 21, 30 and 35). Those items not
loading relate to buying life insurance direct from companies without
an intermediary agent or to respondent tendency to contact an agent.

Analysis of Table X indicates that item 16 is negatively correlated
with the negative loadings of items 28, 31 and 33. The negative factor
loadings have no direct relationship to Table XI which displays the fre-
quency distributions. The negative loadings should be interpreted in
this manner. Since item 16, "I resent being contacted by life insurance
agents" receives a very high positive (agreement) it should be expected
that item 28, "I find it useful to be contacted by life insurance
agents. . ." received a negative correlation. Also item 31, "I feel
like life insurance advertising. . . is helpful" has a negative relation

TABLE X

THE ANTI-PROMOTIONAL FACTOR ANALYSIS DIMENSION

Item Statement	Questionnaire Item Number	Factor Loading*	Positive or Negative**	Mean***	Standard Deviation
I resent being contacted by life insurance agents.	16	.68282	+	3.44	2.0
I find it useful to be contacted by life insurance agents even when I am not in the market for insurance coverage.	28	.75550	-	4.90	2.0
I feel like life insurance company advertising gives me information that is helpful in making life insurance purchase decisions.	31	.62400	-	4.17	1.9
I would like to have some information concerning policies and know exactly what it could cost, based on age, the type of coverage, etc. before I talk to a life insurance agent.	33	.38203	-	3.17	1.9

*A factor loading squared multiplied by 100 explains percent of variance of the total dimension that a specific item explains (.40 or above is significant).

**Positive or negative signs refer to a direction of change relative to other attitude items.

***The mean is computed for 475 respondents based on values of 1 for strongly agree to 7 for strongly disagree. A mean of less than 4 indicates overall agreement, greater than 4 indicates overall disagreement.

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TABLE XI

NUMERICAL AND PERCENTAGE DISTRIBUTION OF RESPONSES TO THE ANTI-PROMOTIONAL DIMENSION*

	Strongly Agree		Agree		Slightly Agree		Don't Know or No Response		Slightly Disagree		Disagree		Strongly Disagree		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
16. I resent being contacted by life insurance agents.	83	18	133	28	73	15	11	2	58	12	85	18	32	7	475	100
28. I find it useful to be contacted by life insurance agents even when I am not in the market for insurance coverage.	19	4	85	18	42	9	13	2	46	10	160	34	110	23	475	100
31. I feel like insurance company advertising gives me information that is helpful in making life insurance purchase decisions.	26	6	101	21	102	22	19	3	52	11	113	24	62	13	475	100
33. I would like to have some information concerning policies and know exactly what it could cost, based on age, the type of coverage, etc. before I talk to a life insurance agent.	66	14	196	41	75	16	12	2	26	5	55	12	45	10	475	100

*The Anti-Promotional Dimension was delineated by factor analysis. This table is a frequency distribution of 475 respondents interviewed in Miami, Florida, Denver, Colorado and New Orleans, Louisiana.

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to item 16. Although item 16 and item 33 ("I would like to have some information concerning policies. . .") show strong agreement in Table XI (Frequency Distribution), attention should be given to the fact that one item is stated as a negative (I resent) and the other item is stated as a positive (I would like). The negative loading of item 33 means that it did not correlate in the same direction as item 16. This discrepancy probably means that respondents that disagreed with item 16 agree with item 33.

The factor is labeled anti-promotional in that the basic negative image of promotion is reflected in loadings and frequency distributions. Every item used on the survey instrument indicates a negative image of life insurance agents and life insurance promotional techniques.

The survey results support critics who claim that life insurance personal selling and promotion are not consumer oriented. Although 79 percent of the respondents agreed that life insurance is a necessity, 61 percent resent being contacted by life insurance agents. These contradictory results indicate a major inconsistency in attitude-response patterns.

Only 31 percent of the respondents find it useful to be contacted by a life insurance agent when not in the market for insurance coverage. This finding is directly correlated with 61 percent of the respondents' tendency to resent contact with life insurance agents. The high inter-correlation results from high factor loadings in Table X. Respondents have consistent attitudes in that in both attitude items approximately two-thirds of those surveyed resent life insurance agents while one-third find it useful to be contacted by life insurance agents.

While 71 percent of the respondents would like to have some information concerning policies and know exactly what it would cost, based on age, the type of coverage, etc. before talking to a life insurance agent, slightly less than half of the respondents (49 percent) view life insurance advertising as helpful in making purchase decisions.

Additional questions were asked to determine in greater depth attitudes toward the agent, methods of selling and alternative distribution systems in general.

When respondents compare the life insurance salesman to other professions and salesmen who provide services or products, it is evident that the life insurance salesman's professional ability is questioned. Table XII indicates that life insurance salesmen have rankings similar to those of real estate agents, automobile salesmen and clothing salesmen.

Many life insurance companies consider their salesmen family life insurance advisors who should be respected on the same level as a physician, or lawyer: of if not on a level with a professional man, at least on a level with a skilled laborer such as a plumber or television repairman. These companies project the life insurance salesman as a person who could assist the family in planning a life insurance program. The survey results indicate that 20 percent of the respondents do trust their life insurance agent enough to let him assist in the life insurance decision-making process. This 20 percent of the respondents appear to be receiving, have received or expect to receive good service from a trusted life insurance agent.

TABLE XII

NUMERICAL AND PERCENTAGE DISTRIBUTION OF RESPONSES TO THE
QUESTION: HERE IS A LIST OF PROFESSIONALS AND BUSINESSMEN
THAT YOU PROBABLY UTILIZE TO OBTAIN SERVICES AND PRODUCTS.
WHEN I CALL OUT A BUSINESSMAN OR PROFESSIONAL, PLEASE TELL
ME IF YOU MAKE UP YOUR OWN MIND CONCERNING THE FINAL SER-
VICE OR PRODUCT YOU RECEIVE, OR DO YOU LET THE BUSINESSMAN
OR PROFESSIONAL DECIDE THE TYPE OF SERVICE OR PRODUCT YOU NEED?

Responses	Let Businessman Decide No.	%	Make Up Your Own Mind No.	%	Don't Know or No Response No.	%	Total No.	%
Real Estate Agent	56	12	383	80	36	8	475	100
Banker	147	31	294	62	34	7	475	100
Doctor	385	81	76	16	14	3	475	100
Automobile Salesman	23	5	437	92	15	3	475	100
Plumber	278	59	159	33	38	8	475	100
Lawyer	351	74	90	19	34	7	475	100
Life Insurance Salesman	95	20	361	76	19	4	475	100
Clothing Salesman	33	7	434	91	8	2	475	100
Automobile Repairman	212	45	238	50	25	5	475	100
TV Repairman	313	66	143	30	19	4	475	100

How do respondents describe a typical life insurance agent? When
asked this question in an unaided format, the post-coded responses pro-
duced the information displayed in Table XIII. Responses tend to vali-
date some of the findings of the attitude items reported in the anti-
promotion dimension. Table XIII indicates that 36 percent of the
respondents have a positive attitude toward the life insurance sales-
man's personality. This percentage is almost the same percentage of
respondents that found it useful to be contacted by life insurance
agents. The responses in Table XIII tend to correspond to the 61 per-
cent of the respondents that resented being contacted by life insurance
agents (Table XI).

TABLE XIII

NUMERICAL AND PERCENTAGE DISTRIBUTION OF RESPONSES TO THE QUES-
TION: WOULD YOU PLEASE DESCRIBE A TYPICAL LIFE INSURANCE AGENT?
IN OTHER WORDS, GIVE ME YOUR IMPRESSION OF A TYPICAL LIFE INSURANCE
AGENT'S PERSONALITY AS IT RELATES TO THE WAY HE DEALS WITH CUSTOMERS.

Responses	No.	%
Cooperative, personable, helpful, dynamic, outgoing (interaction traits)	139	29
Trustworthy, honest, high integrity (individual traits)	35	7
Only interested in the amount of money they're making on the sale (commissions)	34	7
Generally dishonest and unfair selling techniques	18	4
Too pushy, high pressure, too aggressive and general out-to-make-you-buy personality	137	29
Generally negative, bothersome, pain-in-the-neck, etc.	9	2
Typical salesmen type or "salesman personality" "just a salesman"	46	10
Young, incompetent or generally unfavorable in regard to ability	14	3
Other	6	1
Don't know or no response	37	8
Total	475	100

Table XIV tends to add additional insight to determining the market segment that is satisfied with the way life insurance is sold. Again 31 percent of the respondents are generally favorable to the way life insurance is sold when asked in an unaided post-coded question.

Basic distrust of salesmen and lack of confidence concerning the salesman's ability are perceived as problems. Tables XIII and XIV support the belief that at least one-fourth of the respondents think that life insurance salesmen are too aggressive and high pressured in selling methods. Another 11 percent of the respondents believe that salesmen are incompetent, too concerned over commissions, dishonest or non-consumer oriented. Also 11 percent of the respondents feel that life insurance agents are "just" salesmen and that their efforts have no professional overtones.

TABLE XIV

NUMERICAL AND PERCENTAGE DISTRIBUTION OF
RESPONSES TO THE QUESTION: WHAT IS YOUR GENERAL
IMPRESSION OF THE WAY LIFE INSURANCE IS SOLD?

Responses	No.	%
Generally favorable to the system (okay, seems all right, etc.)	145	30
High pressure, too pushy or sold too aggressively	107	23
Generally unfavorable to the system	50	11
Basically typical sales approach. (Just sold by salesmen--no professional overtones)	50	11
Salesmen generally incompetent or salesmen do not consider the interest of the consumer	34	7
Don't like the system, but don't see how to improve it	34	7
Salesmen too concerned about the commission	17	3
Other	4	1
Don't know or no response	34	7
Total	475	100

The respondents that are favorable to life insurance agents and promotion tend to indicate no significant difference in the various demographic groups, i.e., age, income, race, education, life insurance owned, etc.

1. Seventy-one percent feel that life insurance prices are reasonable.

2. Forty-two percent feel that life insurance agents are cooperative and helpful.

Respondents in a variety of ways were approached by life insurance agents. The results in Table XV depict much variability in the different approach patterns used by life insurance agents. The most significant observation is that respondents do not, as a general rule, establish relationships with agents on a continuing basis.

TABLE XV

NUMERICAL AND PERCENTAGE DISTRIBUTION
OF RESPONSES TO THE QUESTION: HOW WERE
YOU APPROACHED BY THE LIFE INSURANCE AGENT?

Responses	No.	%
Never contacted by agent	104	22
Door-to-door selling	54	11
Referral	43	9
Telephone canvas	47	10
Established relationship (used agent before)	26	6
Casual meeting	6	1
Person contacted agent	84	17
Personal friend or relative contacted me	81	17
Other	12	3
Don't know or no response	18	4
Total	475	100

Most significant in Table XVI is the item which shows that only
21 percent of the respondents "trust the agent" for the purchase de-
cision. This response validates the hypothesis formed in the analysis
of Table XII, in which 20 percent of the respondents indicated that
they let the life insurance salesman decide the type of product needed.

TABLE XVI

NUMERICAL AND PERCENTAGE DISTRIBUTION
OF RESPONSES TO THE QUESTION: HOW DID YOU MAKE
UP YOUR MIND THE LAST TIME YOU PURCHASED LIFE INSURANCE?

Responses	No.	%
Never contacted by agent	106	23
Generally, felt it was the right thing to do (needed some life insurance, intuitive)	98	21
Trust in agent	99	21
Evaluated general benefits; then decided	57	12
Made decision based on desired protection	42	8
Comparative shopping	19	4
Made decision based on expected cash value	8	2
Consulted friends or relatives	21	4
Other	6	1
Don't know or no response	19	4
Total	475	100

Table XVII also validates the belief that 20 percent of the respondents are dependent on the agent to provide trusted advice.

TABLE XVII

NUMERICAL AND PERCENTAGE DISTRIBUTION OF
RESPONSES TO THE QUESTION: WHEN YOU THINK OF PUR-
CHASING LIFE INSURANCE, HOW CAN YOU BE SURE THAT YOU ARE
GETTING THE BEST POLICY FOR THE AMOUNT OF MONEY THAT YOU SPEND?

Responses	No.	%
Comparative shopping, examine several policies from different companies	167	35
Impossible for the average person to determine	106	22
Depend on the agent to provide the best advice	94	20
Trust company image, name well-known company or larger company	33	7
Depend on the general source of information other than agent (union, articles, studies, etc.)	28	6
Intuitive, no reason, just from experience	23	5
Other	6	1
Don't know or no response	18	4
Total	475	100

Although 35 percent of the respondents indicate that comparative shopping is a desired method for purchasing life insurance, Table XVI indicates that only four percent of the purchases were perceived as the result of comparative shopping. It is interesting to note that when asked an unaided probe question, 22 percent of the respondents openly state that it is impossible for the average person to determine whether he is getting the best policy for the amount of money that he spends.

Table XVIII indicates that some methods of purchasing life insurance are considered superior to buying from the life insurance agent.

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TABLE XVIII

NUMERICAL AND PERCENTAGE DISTRIBUTION OF
RESPONSES TO THE QUESTION: ON THIS CARD
ARE A NUMBER OF POSSIBLE WAYS AND PLACES WHERE
PEOPLE COULD BUY LIFE INSURANCE.   FOR EACH, PLEASE TELL ME
WHETHER YOU WOULD BUY LIFE INSURANCE IN THIS WAY THAN FROM AN AGENT.

Responses	Would Rather Buy		Would Rather Not Buy		Total	
	No.	%	No.	%	No.	%
Special government agency that would offer life insurance like federal crop insurance and storm insurance is now available.	199	42	276	58	475	100
A stockbroker or securities firm offering a life insurance department.	89	19	386	81	475	100
Credit union offering a full line of policies from well-known companies.	233	49	242	51	475	100
Your company or union offering all types of policies from well-known companies.	320	67	155	33	475	100
A life insurance department in your bank.	159	33	316	67	475	100
A life insurance department in a department store where you could make the purchase personally.	47	10	428	90	475	100
A life insurance department in a savings and loan association.	133	28	342	72	475	100

Table XVIII could be viewed as measuring alternative channels or methods of distributing life insurance. The primary purpose of the question is to determine what status of the agent is compared to the status of other ways of buying life insurance. Chapter Two and the hypothesis development section of Chapter Three indicated that group life insurance is widely accepted. Table XVIII indicates that 67 percent of the respondents prefer to buy through their company or trade union rather than purchase life insurance from an agent.

Purchasing life insurance through a company or trade union pro-
vides low cost life insurance coverage without the anxiety and fear
associated with interaction with an agent. Certainly a continuing
trend in improved group life insurance programs may improve the effi-
ciency of the life insurance distribution system. Group life insur-
ance is probably not as profitable to the life insurance company as
selling individually purchased policies. But since life insurance
is such an important economic determinant in providing economic secur-
ity, insurance companies can reasonably be expected to have a respon-
sibility to assist in developing the most efficient life insurance
distribution system possible. Individually purchased life insurance
programs must, of course, be maintained for individuals who do not
qualify for group programs.

A potential competitor of the private life insurance distribution
system is the government. Forty-two percent of the respondents prefer
to purchase life insurance from the government than purchase it from
an agent. There is no significant difference in demographic charac-
teristics of those who expressed this desire. Most government life
insurance programs (veterans life insurance) operate in a manner very
similar to group life insurance. Possibly respondents perceive pur-
chasing from a special government agency as purchasing group life
insurance or as an extention of social security insurance.

Respondents generally rejected purchase methods associated with
interacting with salesmen, i.e., department store and stockbroker.
This finding indicates anxiety associated with purchasing life insur-
ance from an agent.

VII. CONCLUSIONS ABOUT LIFE INSURANCE PROMOTION RESULTS

Life insurance promotional system is viewed as questionable by most respondents. Contradictory results are seen in that 79 percent of the respondents view life insurance as a necessity, but 61 percent resent being contacted by life insurance agents. Tables XI, XIII, and XIV indicate that approximately one-third of the respondents are satisfied with life insurance agents and the life insurance agency distribution system. Replies to several series of questions indicate that on most issues about one-third of the respondents do not complain about the life insurance distribution system. Over half of the respondents show dissatisfaction with many aspects of the life insurance distribution system and about one-sixth of the respondents are somewhat indifferent toward the distribution system.

About 20 percent of the respondents trust a life insurance agent to assist in making a life insurance purchase decision. Tables XII, XVI, and XVII confirm this finding:

1. Let the life insurance salesman decide the type of product needed (Table XII) — 20%

2. Trust the agent (Table XVI) — 21%

3. Depend on the agent to provide the best advice (Table XVII) — 20%

The percentages of these three replies indicate that most respondents do not trust agents and do not want the agent to assist in the life insurance purchase decision. This attitude probably results from the fear of high pressure or a general distrust in the agent's ability discussed in Chapter Two.

Most respondents prefer to purchase life insurance from a trade union or company rather than from a life insurance agent. Respondents

are very favorable to any method that eliminates interaction with some-
one perceived as a "salesman."

Forty-nine percent of the respondents prefer to buy life insurance
from a credit union and 42 percent of the respondents regard the govern-
ment as superior to the traditional distribution system as a source of
life insurance. The survey results indicate that the life insurance
distribution system is successful because most respondents value the
importance of life insurance and purchase the product in spite of their
distrust of the distribution system.

VIII. SUPPORT FOR GOVERNMENT CONTROL AND REGULATION FACTOR RESULTS

Table XIX indicates a general desire for government control, and
regulation of various aspects of society. This factor is utilized as
an independent variable in the analysis of factors which influence life
insurance product, price and promotion attitudes. The scale is a modi-
fied edition of the Opinion Research Corporation's Attitude Toward
Government Scale. Attitude item 5, added by the researcher, proved to
have the highest factor loading and indicated a positive relationship to
government control and regulation. Fifty percent of the respondents
agreed that the federal government should provide life insurance to
cover final death expenses for members of all families. This attitude
item (item 5) had a mean of 3.98 indicating overall agreement.

All attitude loading in the support for government control and
regulation dimension have a positive loading indicating consistency in
directional changes between items. Only in items 2 and 13 did the re-
spondents maintain an anti-government control and regulation attitude.

TABLE XIX

SUPPORT FOR GOVERNMENT CONTROL AND REGULATION FACTOR ANALYSIS DIMENSION

Item Statement	Questionnaire Item Number	Factor Loading*	Positive or Negative**	Mean***	Standard Deviation
I would like to see the federal government controlling how much profit a large company can make.	2	.56315	+	4.61	2.1
I would like to see the federal government providing life insurance to cover final death expenses for members of all families.	5	.76405	+	3.98	2.2
I would like to see the federal government providing medical insurance for doctor and hospital bills.	8	.75369	+	3.38	2.1
I would like to see the federal government and operating essential industries.	13	.61698	+	5.68	1.8
I would like to see the federal government guaranteeing the prices farmers get for their products.	14	.67480	+	3.99	2.0
I would like to see the federal government guaranteeing a job to everyone able to work.	18	.73230	+	3.93	2.2
I would like to see the federal government giving financial aid to local state education.	23	.57579	+	2.63	1.8

*A factor loading squared multiplied by 100 explains percent of variance of the total dimension that a specific item explains (.40 or above is significant).

**Positive or negative signs refer to a direction of change relative to other attitude items.

***The mean is computed for 475 respondents based on values of 1 for strongly agree to 7 for strongly disagree. A mean of less than 4 indicates overall agreement, greater than 4 indicates overall disagreement.

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TABLE XX

NUMERICAL AND PERCENTAGE DISTRIBUTION OF RESPONSES TO THE GOVERNMENT CONTROL AND REGULATION DIMENSION*

	Strongly Agree		Agree		Slightly Agree		Don't Know or No Response		Slightly Disagree		Disagree		Strongly Disagree		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
2. I would like to see the federal government controlling how much profit a large company can make.	47	10	76	16	61	13	10	2	45	9	123	26	113	24	475	100
5. I would like to see the federal government providing life insurance to cover final death expenses for members of all families.	58	12	123	26	56	12	20	4	42	9	106	22	70	15	475	100
8. I would like to see the federal government providing medical insurance for doctor and hospital bills.	98	21	137	29	67	14	7	1	45	10	67	14	54	11	475	100

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TABLE XX--Continued

		Strongly Agree		Agree		Slightly Agree		Don't Know or No Response		Slightly Disagree		Disagree		Strongly Disagree		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
13.	I would like to see the federal government operating essential industries.	21	4	31	7	23	5	15	3	40	8	138	29	207	44	475	100
14.	I would like to see the federal government guaranteeing the prices farmers get for their products.	43	9	120	25	73	15	22	5	65	14	85	18	67	14	475	100
18.	I would like to see the federal government guaranteeing a job to everyone able to work.	74	16	114	24	63	13	5	1	43	9	89	19	87	18	475	100
26.	I would like to see the federal government giving financial aid to local state education.	134	28	178	38	67	14	10	2	21	4	41	9	24	5	475	100

*The Support for Government Control and Regulation Dimension was delineated by factor analysis. This table is a frequency distribution of 475 respondents interviewed in Miami, Florida, Denver, Colorado and New Orleans, Louisiana.

It is not desirable to have the government "controlling how much profit a large company can make" or "operating essential industries."

The general positive attitude toward government control and regulation should be of interest to the life insurance industry. With public interest in consumerism growing, well-financed lobbies no longer insulate an industry from government control and regulation.

IX. ANTI-BIG BUSINESS FACTOR RESULTS

Table XXI indicates a general attitude orientation against big business. In Chapter Three the statement was supported that life insurance companies have been equated with big business. Therefore, general anti-big business attitudes should be important in understanding attitudes toward life insurance companies.

Most respondents have a tendency to be anti-big business. All of the factor loadings are positive and all attitude items, with the exception of item 4, indicate overall agreement with an anti-big business statement. Overall, the results obtained from item 4 indicate that respondents tend to disagree slightly with the statement that "many of our largest companies ought to be broken up into small companies." Since item 4 has a positive sign, this finding indicates that disagreement with this item is correlated with overall agreement with other items.

The anti-big business scale is a revision and modification of the Opinion Research Corporation's "attitude toward big business scale." The anti-big business dimension is used as an independent variable in the analysis of attitudes toward the life insurance product, price and promotion. Since life insurance companies have been equated with big

TABLE XXI

ANTI-BIG BUSINESS FACTOR ANALYSIS DIMENSION

Item Statement	Questionnaire Item Number	Factor Loading*	Positive or Negative**	Mean***	Standard Deviation
In many of our largest industries, one or two companies have too much control of the industry.	1	.69128	+	2.78	1.6
For the good of the country, many of our largest companies ought to be broken up into smaller companies.	4	.71372	+	4.32	1.6
Large companies are essential for the nation's growth and expansion.	6	.34379	+	2.75	1.6
There's too much power concentrated in the hands of a few large companies for the good of the nation.	22	.78078	+	3.24	1.8
As they grow bigger, companies usually get cold and impersonal in their relations with people.	20	.54051	+	2.83	1.7

*A factor loading squared multiplied by 100 explains percent of variance of the total dimension that a specific item explains (.40 or above is significant).

**Positive or negative signs refer to a direction of change relative to other attitude items.

***The mean is computed for 475 respondents based on values of 1 for strongly agree to 7 for strongly disagree. A mean of less than 4 indicates overall agreement, greater than 4 indicates overall disagreement.

TABLE XXII

NUMERICAL AND PERCENTAGE DISTRIBUTION OF RESPONSES TO THE ANTI-BIG BUSINESS DIMENSION*

		Strongly Agree		Agree		Slightly Agree		Don't Know or No Response		Slightly Disagree		Disagree		Strongly Disagree		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1.	In many of our largest industries, one or two companies have too much control of the industry.	86	18	190	40	87	18	27	7	39	8	30	6	16	3	475	100
4.	For the good of the country, many of our largest companies ought to be broken up into smaller companies.	38	8	101	20	56	12	16	3	61	15	148	31	55	11	475	100
6.	Large companies are essential for the nation's growth and expansion.	77	16	213	45	82	17	16	3	41	9	31	7	15	3	475	100
22.	There's too much power concentrated in the hands of a few large companies for the good of the nation.	76	16	151	32	84	18	20	4	58	12	62	13	24	5	475	100
20.	As they grow bigger, companies usually get cold and impersonal in their relations with people.	106	22	167	35	89	19	11	2	37	8	48	10	17	4	475	100

*The Anti-Big Business Dimension was delineated by factor analysis. This table is a frequency distribution of 475 respondents interviewed in Miami, Florida, Denver, Colorado and New Orleans, Louisiana.

business, the overall anti-big business attitudes expressed by respon-

dents could explain part of the anti-life insurance attitudes.[4]

X. ECONOMIC LIBERALISM FACTOR RESULTS

Table XXIV indicates the degree of economic liberalism of respon-

dents. An orientation toward economic liberalism indicates a desire to

change roles, laws and norms associated with the business and economic

environment. The hypothesis that economic liberals want to change the

status quo seems to be justified. More specifically, it seems reason-

able to assume that the economic liberal may want to change present

methods of operation in the life insurance industry.

The economic liberal dimension is a revision of the Minnesota Sur-

vey of Opinion Economic Conservatism Scale. (The name of the scale has

been changed to economic liberalism to indicate the format in which the

attitude items were organized in this study.)

Respondents show overall support for sweeping changes in our

economic system and for taxing large incomes much more than they are now

taxed. But most respondents do not believe that the federal government

should control profits or that poverty is chiefly an injustice in the

distribution of wealth. The purpose of this dimension is to determine

whether economic liberalism is a predictor of attitudes toward the life

insurance product, price and promotion. In Chapter Five the point will

be made that the economic liberal owns less life insurance than other

respondents and has a negative attitude toward the life insurance

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[4]Monitoring Attitudes of the Public, (New York: Institute of Life
Insurance, 1969), p. 71.

TABLE XXIII

ECONOMIC LIBERALISM FACTOR ANALYSIS DIMENSION

Item Statement	Questionnaire Item Number	Factor Loading*	Positive or Negative**	Mean***	Standard Deviation
I would like to see the federal government controlling how much profit a large company can make.	2	.74669	+	4.60	2.1
Large incomes should be taxed much more than they are now.	7	.61542	+	3.61	2.1
Without sweeping changes in our economic system, little progress can be made in the solution of social problems.	11	.74958	+	3.90	2.1
Poverty is chiefly a result of injustice in the distribution of wealth.	17	.59190	+	4.74	2.1

*A factor loading squared multiplied by 100 explains percent of variance of the total dimension that a specific item explains (.40 or above is significant).

**Positive or negative signs refer to a direction of change relative to other attitude items.

***The mean is computed for 475 respondents based on values of 1 for strongly agree to 7 for strongly disagree. A mean of less than 4 indicates overall agreement, greater than 4 indicates overall disagreement.

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TABLE XXIV

NUMERICAL AND PERCENTAGE DISTRIBUTION OF RESPONSES TO THE ECONOMIC LIBERALISM DIMENSION*

	Strongly Agree		Agree		Slightly Agree		Don't Know or No Response		Slightly Disagree		Disagree		Strongly Disagree		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
2. I would like to see the federal government controlling how much profit a large company can make.	47	10	76	16	61	13	10	2	45	9	123	26	113	24	475	100
7. Large incomes should be taxed much more than they are now.	100	21	97	20	69	15	22	5	56	12	72	15	59	12	475	100
11. Without sweeping changes in our economic system, little progress can be made in the solution of social problems.	63	13	122	26	53	11	27	6	48	10	95	20	67	14	475	100
17. Poverty is chiefly a result of injustice in the distribution of wealth.	41	9	68	14	63	13	5	1	49	10	123	26	126	27	475	100

*The Economic Liberalism Dimension was delineated by factor analysis. This table is a frequency distribution of 475 respondents interviewed in Miami, Florida, Denver, Colorado and New Orleans, Louisiana.

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product, price and promotion dimensions. The life insurance industry probably should be monitoring changes in the degree of economic liberalism in the United States.

XI. CONCLUSIONS OF RESULTS RELATED TO
SUPPORT FOR GOVERNMENT CONTROL AND REGULATION, ANTI-BIG
BUSINESS ATTITUDES AND THE DEGREE OF ECONOMIC LIBERALISM

One-half of the respondents are favorable toward the government's providing some degree of life insurance coverage. Attitudes toward support for government control and regulation indicate that respondents believe that the government should regulate business. With anxiety surrounding the purchase of life insurance, the life insurance industry should observe changes in attitudes toward government regulation.

Survey results indicate anti-big business feelings with respondents believing that one or two companies have too much control of an industry, large companies have too much power and as they grow bigger, companies get impersonal in their relations with people. Since life insurance companies have been equated with big business, any degree of anti-big business feeling should be monitored by life insurance companies.

The factor dimension related to economic liberalism indicates that some social roles and norms toward the economic system may be changed. Specifically, the respondents feel that large incomes should be taxed more and that without sweeping changes in the economic system, little progress can be made. Both of these attitudes are consistent with the belief that the government should provide additional life insurance protection for all families.

It is apparent that attitudes toward government control and regu-
lation, anti-big business attitudes and the degree of economic liber-
alism indicate some dissatisfaction with the nation's private enter-
prise system. An outward manifestation of this dissatisfaction has been
observed in the consumerism movement. Life insurance companies are
identified as big business and need to evaluate their role in preserving
the American free enterprise system.

CHAPTER FIVE

STATISTICAL ANALYSIS OF THE RESULTS

The purpose of this chapter is to analyze statistically the results of the survey phase of this project. While Chapter Four presented results based on empirical concepts delineated by factor analysis, this chapter analyzes interrelationships between life insurance attitudes and socio-economic variables. The objectives of this chapter are listed below:

1. Relationships between groups of socio-economic variables and attitudes toward the life insurance price, product and promotion are presented. Canonical analysis is utilized to test for an overall correlation between a group of attitude items and a set of socio-economic variables. A canonical correlation index is generated that summarizes maximum correlation which would be obtained if the composite sets of variables were carried through two-variable linear correlations.

2. Interrelationship between attitude factors related to product, price and promotion are tested for correlation with dimensions related to anti-big business, economic liberalism and support for government regulation and control. All attitudes toward life insurance and the general attitude orientations (anti-big business, support for government control and regulation and economic liberalism) were generated as factor analysis principal components.

3. All principal components are analyzed by stepwise multiple regression to determine whether they are independent variables that predict the amount of life insurance coverage currently owned by respondents.

4. Various socio-economic variables are analyzed by stepwise multiple regression to determine whether they are independent variables that predict the amount of life insurance coverage currently owned by respondents.

5. **All results and confidence levels are presented to determine acceptance or rejection of the research hypotheses.**

I. INTERPRETATION OF THE STATISTICAL ANALYSIS

The socio-economic variables utilized to test for correlation of attitudes toward life insurance include amount of life insurance cover-age, age of respondent, education of husband, education of wife, occupational status of husband and occupational status of the wife. All socio-economic variables were recorded on a metric basis so that a standard canonical analysis computer program could be utilized.

The assumption in the use of canonical analysis in this case is that an entire group of variables may be related or associated with a sociological or psychological orientation. The canonical analysis technique reduces the independent socio-economic variables to a single index so that the existence of an overall relationship to the attitude orientation can be determined. This method prevents hypothesizing that only age, education or some other determinant is the single variable that explains a life insurance attitude orientation.[1]

The independent variables included:

1. <u>Age</u>. The respondents exact age is recorded on a metric basis.

2. <u>Education of Respondent</u>. The respondent is the husband or male household head and the years of school are recorded as 00 to 20. (Twelve is recorded for high school graduates, 16 is recorded for college graduates and 20 for an M.D. or Ph.D.)

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[1]For a detailed explanation of the mathematical model for canonical analysis see: R. J. Rummel, <u>Applied Factor Analysis</u>, (Evanston: Northwestern University Press, 1970), pp. 121-125.

3. <u>Education of Wife</u>. If the respondent was married the wife's education was recorded in the manner described in (2).

4. <u>Amount of life insurance coverage the male household head owns</u>. This information was recorded on a metric basis and includes all types of life insurance coverage.

5. <u>Occupational Status of Respondent</u>. Quantitative values were assigned to occupations obtained in reply to an "open end" question. The quantitative values were based on the Duncan prestige indices classifying 446 occupations. Occupational status is also assumed to indicate income, social standing, power and other social variables.

6. <u>Occupational Status of the Wife</u>. The Duncan prestige indices were used, to classify the wife's occupation if it was something other than housewife.

Since occupational status may be determined by occupation, income, social status, and other cultural variables, the decision was made to analyze occupational status of the husband and occupational status of the wife as a two variable determinant of life insurance attitudes toward the life insurance product, price and promotion.

II. SOCIO-ECONOMIC DETERMINANTS OF LIFE INSURANCE COVERAGE

A stepwise multiple regression was conducted to determine the influence on the total life insurance coverage of age, education of the respondent, education of the wife and number of children per family.

As Table XXV indicates, age, education of respondent and education of the wife are jointly correlated to the amount of life insurance owned by the respondent. The multiple R is significant at the .05 level. The most powerful independent variable for predicting life insurance coverage is the education of the respondent (husband). Even more significant, however, is the fact that number of children has a negative correlation to life insurance coverage. This negative relationship

TABLE XXV

SELECTED SOCIO-ECONOMIC
VARIABLES AS PREDICTORS OF LIFE INSURANCE COVERAGE

Independent Variables	Simple Correlation With Dependent Variable	F*	R	R^2**
Age	.015	1.23	.261	.068
Respondent Education	.199	19.44	.199	.040
Wife's Education	.193	13.18	.256	.066
Number of Children	-.008	Not Significant at .05 level		

*F is a statistical test to determine if the joint regression of the dependent variable on the independent variable is significant. All F tests that appear are significant at the .05 level or above.

**R^2 may be interpreted as the percent of the total variation of the dependent variable which is associated or explained by the regression of independent variables.

should be of concern to life insurance companies since one important reason advanced for purchasing life insurance is to provide economic security for children in case of the father's untimely death. The results for this survey indicate that lower income groups own less life insurance and lower income groups tend to have more children per family.

The next phase of the investigation involved the relationships between socio-economic variables and life insurance attitudes, i.e., product, price and promotion.

III. LIFE INSURANCE ATTITUDES AND SOCIO-ECONOMIC VARIABLES

Figure 5-1 indicates the relationships between life insurance attitudes and the following socio-economic variables: life insurance coverage, education of the respondent, education of wife and age.

Based on past research a high correlation should be expected with the significance of the findings related to the aggregate interrelationship of variables. As the socio-economic variables increase in magni-

Negative Correlation Sig-
nificant at .01 level*

Positive Correlation Sig-
nificant at .01 level

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┌─────────────┐
│ Anti-       │
│ Promotion   │──────────╲
│ Dimension   │           ╲───
└─────────────┘               ╲        ┌──────────────────────────┐
                               ╲       │ Life Insurance Coverage  │              ┌──────────────┐
                                ╲      │ Education of Respondent  │              │ Price        │
                                 ╲     │    and Wife              │────── + ─────│ Awareness    │
┌─────────────┐              ───╱      │ Age of Respondent        │              │ Dimension    │
│ Product     │           ╱──╱         └──────────────────────────┘              └──────────────┘
│ Desirability│──────────╱
│ Dimension   │
└─────────────┘
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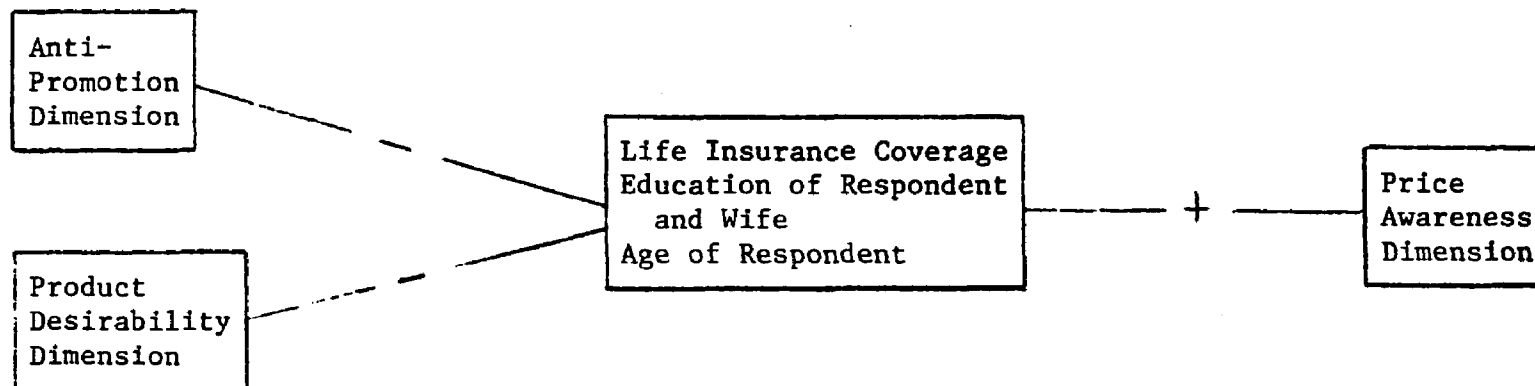
Figure 5-1

CANONICAL CORRELATION BETWEEN THE DEMOGRAPHIC VARIABLES AND THE PRICE
AWARENESS DIMENSION, THE ANTI-PROMOTION DIMENSION AND THE PRODUCT DESIRABILITY DIMENSION**

*The .01 level of confidence refers to the statistical significance of the canonical corre-
lation index which would be obtained if the two composite dimensions were carried through
two-variable linear correlation.

**Factor Analysis Dimensions that emerged from attitude items are explained in Chapter IV:
Price Awareness Dimension Table VII, Anti-Promotion Dimension Table X and Product Desir-
ability Dimension Table I.

tude, attitudes toward the price awareness dimension indicate greater disagreement. This relationship means that when the socio-economic variables are viewed as an index, higher education, age and greater life insurance coverage are associated with an even more negative image of the life insurance price system. The positive canonical correlation index means greater disagreement with the price awareness attitude items.

Figure 5-1 indicates a negative canonical correlation between socio-economic variables and the Anti-Promotion Dimension. This finding should be interpreted as an indication of increasing dissatisfaction with promotion as the life insurance coverage, age and education increases. The higher socio-economic profile is more likely to be resentful about being contacted by a life insurance agent and is likely to have greater desire for information (other than the agent) in regard to policies. As respondents have more experience dealing with agents and purchasing life insurance, they become more negative toward the promotional system.

Also Figure 5-1 demonstrates that a negative relationship exists between desirability of the life insurance product and age, life insurance coverage and education. The significant correlation index means that as respondents own more life insurance, have a higher education and are older, the desire to own life insurance decreases. This relationship should be expected since needs may be reduced as one owns increasing amounts of life insurance and life insurance increases in cost as the respondent ages. Also this group does not hold the view that a family should have as much life insurance as they can afford.

IV. OCCUPATIONAL STATUS AND LIFE INSURANCE ATTITUDES

Figure 5-2 shows the significance between life insurance attitudes and occupational status. In general, as occupational status increases, respondents own more life insurance. A positive relationship exists between price awareness and occupational status. This finding means that as occupational status increases, respondents are more concerned about the price and hence more negative toward traditional methods used by salesmen in stating the price of life insurance. Higher occupational status groups have a greater desire to make price comparisons but are more likely to believe that life insurance companies do a poor job informing the consumer concerning prices.

The positive canonical correlation index means that anti-promotion attitudes decrease as occupational status increases. Perhaps respondents have contact with a more professional type life insurance agent as respondents' occupational status increase.

Figure 5-2 indicates a positive canonical correlation index between desirability of the life insurance product and occupational status. As occupational status increases, the respondents feel a greater need to purchase life insurance. It is noted that much life insurance advertising and sales activity is directed toward high occupational status groups, i.e., doctors, lawyers, engineers, teachers, etc.

V. RELATIONSHIP BETWEEN LIFE INSURANCE ATTITUDES
AND SUPPORT FOR GOVERNMENT CONTROL AND REGULATION, ANTI-
BUSINESS ATTITUDES AND THE DEGREE OF ECONOMIC LIBERALISM

Figures 3, 4 and 5 show the significance between life insurance attitudes toward the product, price and promotion dimensions and support for government control and regulation anti-big business and degree of economic liberalism.

Negative Correlation Sig-
nificant at .01 level*

Positive Correlation Sig-
nificant at .01 level

```
                                                    ┌─────────────┐
                                                    │ Price       │
                                                    │ Awareness   │
                                                    │ Dimension   │
                                                    └─────────────┘
                                              +    ╱
                                                  ╱
              ┌──────────────┐                   ┌─────────────┐
              │ Occupational │ ─── + ─────────── │ Anti-       │
              │ Status       │                   │ Promotion   │
              └──────────────┘                   │ Dimension   │
                                                  ╲             └─────────────┘
                                              +    ╲
                                                    ┌─────────────┐
                                                    │ Product     │
                                                    │ Desirability│
                                                    │ Dimension   │
                                                    └─────────────┘
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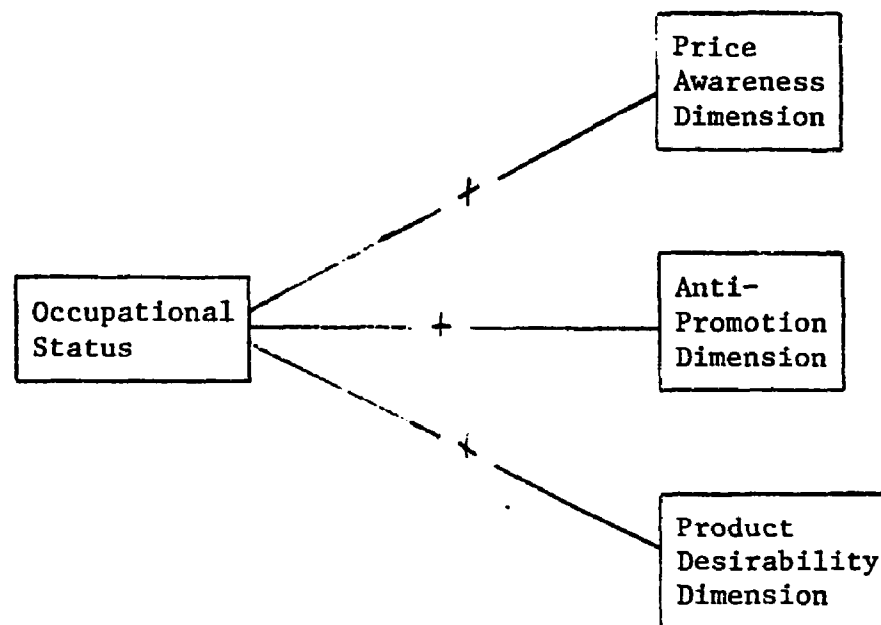
Figure 5-2

CANONICAL CORRELATION BETWEEN THE OCCUPATIONAL STATUS AND THE
PRICE AWARENESS DIMENSION, THE ANTI-PROMOTION DIMENSION AND THE PRODUCT DESIRABILITY DIMENSION**

*The .01 level of confidence refers to the statistical significance of the canonical correlation
index which would be obtained if the two composite dimensions were carried through two-variable
linear correlation.

**Factor Analysis Dimensions that emerged from attitude items are explained in Chapter IV: Price
Awareness Dimension Table VII, Anti-Promotion Dimension Table X and Product Desirability Dimension
Table I.

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Figure 5-3 demonstrates the positive relationship between the anti-promotion dimension and support for government control and regulation. Because the anti-promotion factor is basically negative and support for government regulation is positive (attitude items stated as positive with agreement indicating support for government control) an overall positive sign indicates an increased anti-promotional feeling as support for government control and regulation increases.

The relationship between anti-big business attitudes and the anti-promotion factor is positive. This relationship should be interpreted in the same manner as the relationships illustrated in the government control and regulation dimension are interpreted. Agreement with attitude statements indicated an anti-big business orientation. Therefore, a positive sign indicates that anti-promotion and anti-big business are directly related. The more anti-business oriented a respondent is, the more likely is to be anti-promotion oriented.

A negative relationship between anti-promotion and economic liberalism should be interpreted to mean that the more economically liberal a respondent is, the more likely he is to be opposed to present promotional techniques.

As Figure 5-3 suggests, support for government control and regulation, anti-big business attitudes and economic liberalism are all associated with anti-promotion attitudes. The relationship between the anti-promotion dimension and support for government control and regulation indicates that the respondent that is opposed to present promotional activities supports government control regulation. Anti-big business attitudes are directly related to anti-promotion attitudes and

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                                                              ┌─────────────┐
                                                              │ Government  │
                                                              │ Control and │
                                                              │ Regulation  │
                                                              │ Dimension   │
                                                              └─────────────┘
                                                         + /
  ┌───────────┐                    ┌───────────┐          /
  │ Economic  │                    │ Anti-     │─────────/
  │ Liberalism│────── ── ──────────│ Promotion │
  │ Dimension │                    │ Dimension │─────────\
  └───────────┘                    └───────────┘          \  ┌───────────┐
                                                         + \  │ Anti-Big  │
                                                              │ Business  │
                                                              │ Dimension │
                                                              └───────────┘
```
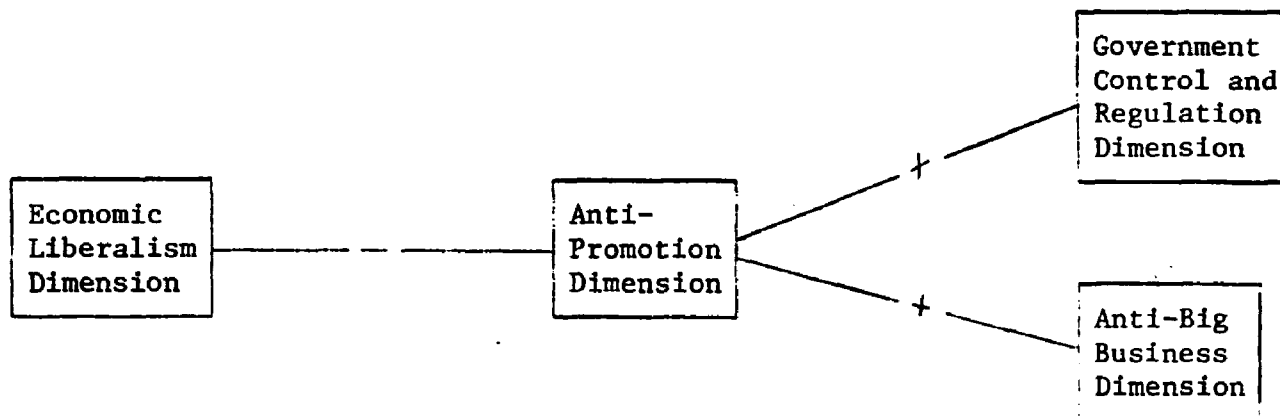
Figure 5-3

CANONICAL CORRELATION BETWEEN THE ANTI-PROMOTION DIMENSION AND GOVERNMENT CONTROL AND
REGULATION DIMENSION, THE ANTI-BIG BUSINESS DIMENSION AND THE ECONOMIC LIBERALISM DIMENSION**

*The .01 level of confidence refers to the statistical significance of the canonical correlation
index which would be obtained if the two composite dimensions were carried through two-variable
linear correlation.

**Factor Analysis Dimensions that emerged from attitude items are explained in Chapter IV: Anti-
Promotion Dimension Table X, Government Control and Regulation Table XIX, Anti-Big Business
Dimension Table XXI and Economic Liberalism Table XXIII.

a negative relationship exists between the anti-promotional dimension and economic liberalism. This finding means that the economic liberal is more likely to be anti-promotion oriented than the more economically conservative respondent.

As Figure 5-4 shows, the price awareness dimension is correlated to support for government control and regulation, anti-big business attitudes and degree of economic liberalism. The respondent that supports government control and regulation is more likely never to have compared policy costs and made purchases on an "all I can afford basis." Also the anti-big business respondents are correlated to a lack of price awareness. Anti-big business orientation is associated with respondents who never compared policy costs and bought on an "all I can afford basis." The price awareness dimension is negatively associated with economic liberalism. This means that the economic liberal has attempted to compare policy costs, feels the price of policies is important and does not want to purchase on the "all I can afford basis."

Figure 5-5 indicates the product desirability dimension is correlated with support for government control and regulation, anti-big business attitudes and degree of economic liberalism. Those respondents who show greater support for government control and regulation do not have as much of a desire for the life insurance product. On the other hand, anti-big business attitudes are associated with a greater desire for the life insurance product. The economic liberal does not desire life insurance as much as the more economically conservative respondent.

Negative Correlation Sig-
nificant at .01 level*

Positive Correlation Sig-
nificant at .01 level
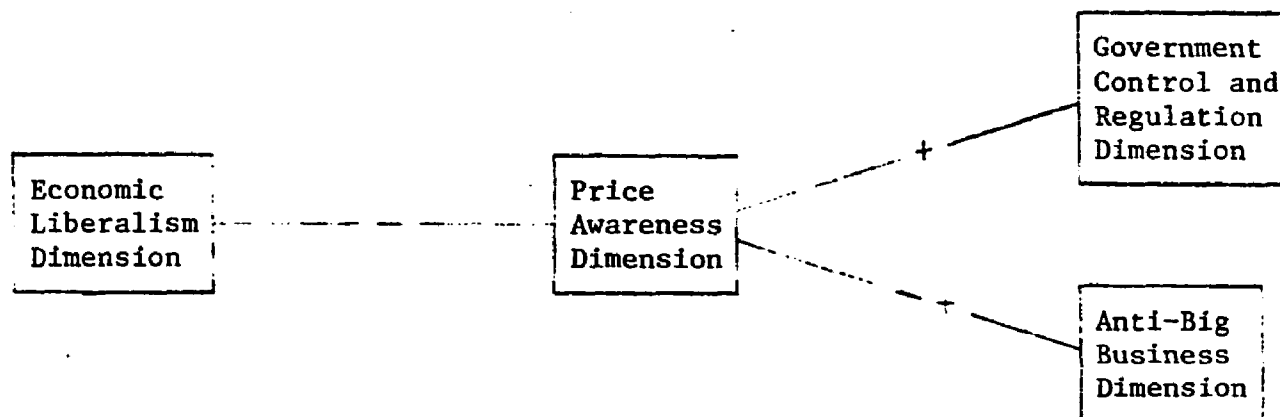
Figure 5-4

CANONICAL CORRELATION BETWEEN THE PRICE AWARENESS DIMENSION AND GOVERNMENT CONTROL AND REGULATION DIMENSION, THE ANTI-BIG BUSINESS DIMENSION AND THE ECONOMIC LIBERALISM DIMENSION**

*The .01 level of confidence refers to the statistical significance of the canonical correlation index which would be obtained if the two composite dimensions were carried through two-variable linear correlation.

**Factor analysis dimensions that emerged from attitude items are explained in Chapter IV: Price Awareness Dimension Table VII, Government Control and Regulation Dimension Table XIX, Anti-Big Business Dimension Table XXI and the Economic Liberalism Dimension Table XXIII.

Negative Correlation Sig-
nificant at .01 level*

Positive Correlation Sig-
nificant at .01 level

```
┌─────────────┐
│ Government  │
│ Control and │
│ Regulation  │
│ Dimension   │
└─────────────┘

                        ┌──────────────┐                    ┌──────────────┐
                        │ Product      │                    │ Anti-Big     │
                        │ Desirability │ ──────── + ──────── │ Business     │
                        │ Dimension    │                    │ Dimension    │
                        └──────────────┘                    └──────────────┘

┌─────────────┐
│ Economic    │
│ Liberalism  │
│ Dimension   │
└─────────────┘
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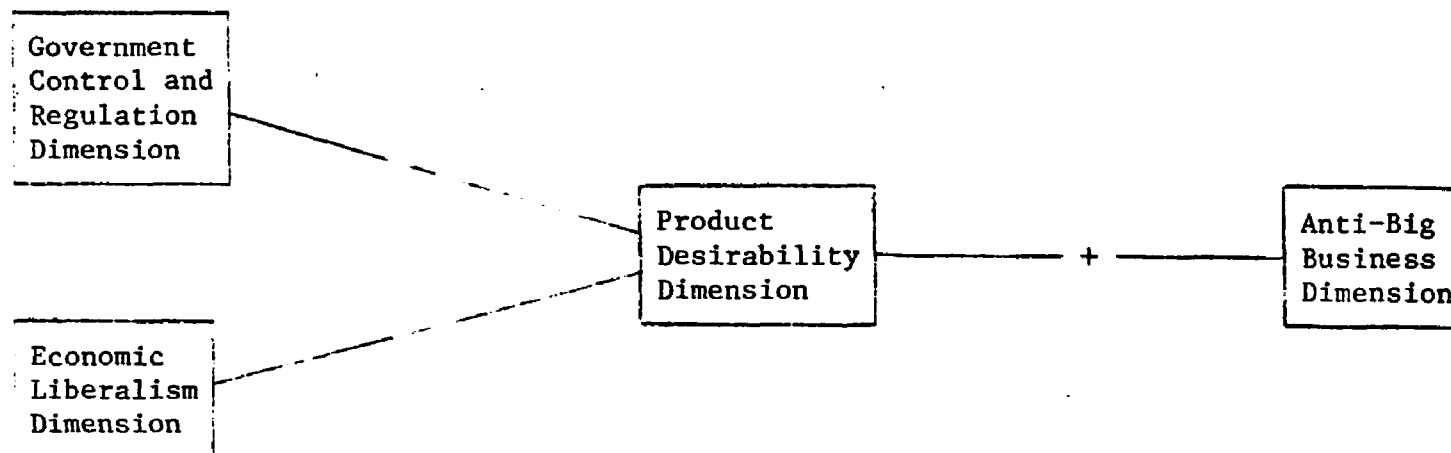
Figure 5-5

CANONICAL CORRELATION BETWEEN THE PRODUCT DESIRABILITY DIMENSION AND GOVERNMENT CONTROL
AND REGULATION DIMENSION, THE ANTI-BIG BUSINESS DIMENSION AND THE ECONOMIC LIBERALISM DIMENSION**

*The .01 level of confidence refers to the statistical significance of the canonical correlation
index which would be obtained if the two composite dimensions were carried through two-variable
linear correlation.

**Factor Analysis Dimensions that emerged from attitude items are explained in Chapter IV: Product
Desirability Dimension Table I, Government Control and Regulation Dimension Table XIX, Economic
Liberalism Dimension Table XXIII and the Anti-Big Business Dimension Table XXI.

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VI.   LIFE INSURANCE ATTITUDES, SUPPORT
FOR GOVERNMENT CONTROL AND REGULATION,
ANTI-BIG BUSINESS ATTITUDES AND DEGREE OF ECONOMIC
LIBERALISM, AS PREDICTORS OF LIFE INSURANCE COVERAGE

Tables in Appendix C present an in-depth analysis of the associ-
ation between amount of life insurance coverage, socio-economic vari-
ables and life insurance attitudes. Life insurance coverage is con-
sidered the metric dependent variable and each attitude item related to
a factor analyzed attitude dimension is considered an independent vari-
able. Attitude items related to the life insurance product, price and
promotion dimensions are considered independent variables in the
development of stepwise multiple regression models. Models are developed
to predict the relationship of life insurance coverage to the: (1) price
awareness dimension, (2) product desirability dimension, (3) anti-
promotional dimension, (4) support for government control and regulation
dimension, (5) anti-big business dimension, and (6) degree of economic
liberalism dimension.

The results of the analysis displayed in Appendix C indicate that
all life insurance and socio-economic attitude dimensions are valuable
in predicting life insurance coverage.

Respondents that support government control and regulation and tend
to be anti-big business and economically liberal, have less life insur-
ance coverage. Respondents have more life insurance coverage if they
are not as aware of life insurance price differences between companies,
consider the product desirable and are not opposed to present promotional
techniques.

VII.   SIGNIFICANCE OF HYPOTHESES

The results of the testing of research hypotheses are presented below. The only socio-economic variable not statistically significant in explaining life insurance attitudes is the number of children per family. This variable resulted in a negative relationship (although not statistically significant) to life insurance coverage. This finding should be significant in evaluating the life insurance systems' success in serving the needs of the public.

The following hypotheses were rejected based on canonical analysis. Rejection of the null hypotheses means that there is a positive or negative relationship between the socio-economic variable and the life insurance attitude. The symbol R is the coefficient of multiple correlation. R^2 explains the percent of the total variation of the dependent variables is associated or explained by the independent variables.

<table>
<tr><td></td><td></td><td>Rejection
Level</td></tr>
<tr><td>A.</td><td>There is no significant relationship between attitudes toward promotion and:</td><td>.01</td></tr>
<tr><td></td><td>1. Support for government control and regulation</td><td>R = +.945</td></tr>
<tr><td></td><td>2. Anti-big business</td><td>R = +.949</td></tr>
<tr><td></td><td>3. Economic liberalism</td><td>R = -.940</td></tr>
<tr><td></td><td>4. Age, education of husband and wife, and life insurance coverage</td><td>R = -.950</td></tr>
<tr><td></td><td>5. Occupational status of husband and wife</td><td>R = +.882</td></tr>
<tr><td></td><td>6. Number of children per family</td><td>Not Significant</td></tr>
</table>

	Rejection Level

B. There is no significant relationship between attitudes toward life insurance pricing and: .01
   1. Support for government control and regulation   R = +.952
   2. Anti-big business   R = +.936
   3. Economic liberalism   R = -.931
   4. Age, education of husband and wife, and life insurance coverage   R = +.948
   5. Occupational status of husband and wife   R = +.896
   6. Number of children per family   Not Significant

C. There is no significant difference between attitudes toward desirability of the life insurance product and: .01
   1. Support for government control and regulation   R = -.955
   2. Anti-big business   R = +.940
   3. Economic liberalism   R = -.940
   4. Age, education of husband and wife, and life insurance coverage   R = -.947
   5. Occupational status of husband and wife   R = +.887
   6. Number of children per family   Not Significant

CHAPTER SIX

SUMMARY, CONCLUSIONS, SUGGESTED INDUSTRY
RESPONSE AND FUTURE RESEARCH POSSIBILITIES

The purpose of this study is the analysis of the "discontented" consumer of life insurance. Although there is variation among consumers as to the nature of their discontent, empirical concepts used to describe consumer anxieties toward life insurance are delineated.

This chapter summarizes the survey findings related to attitudes toward the life insurance product, price and promotion. Conclusions are developed concerning life insurance attitudes and socio-economic variables which were analyzed in Chapter Five. Policy recommendations and future research possibilities are suggested.

I. SUMMARY OF THE SURVEY RESULTS

Most respondents consider life insurance a necessity. Attitudes toward the product indicate that life insurance is desired by all demographic sectors. Those respondents without life insurance tend to: (1) have an income less than $8,000 per year, (2) be between 18-24 years of age, and (3) have an occupation classified as student, laborer or operative. Most respondents believe that a family should (1) own as much life insurance as the breadwinner can afford (2) own as much life insurance as it would take to make the breadwinner's family self-supporting, and (3) own a desired amount of coverage in case of death. Chapter Four presents survey findings which indicate that consumers believe that coverage or protection in case of death is more important than cash value or the saving aspects of policies.

Respondents are unaware of sophisticated pricing methods and equate the life insurance premium with the life insurance price. Respondents purchase life insurance on an "all I can afford" basis with 68 percent of the respondents indicating that they bought or would buy life insurance on the basis of premium per month/year.

About half of the respondents do not attempt to compare policy costs from different companies and one-half of the respondents do not think that life insurance companies do a good job informing them concerning the prices of different policies. Thirty-six percent of the respondents consider the cost of life insurance "too high." The perceived life insurance price ranks very favorable, however, when compared to auto insurance, medicine, housing and other necessities.

Those surveyed indicate that they consider the life insurance promotional system questionable. Three different survey questions indicated that two-thirds of the respondents were not satisfied with life insurance agents and the life insurance distribution system. Sixty-one percent of all respondents resent being contacted by a life insurance agent. Only 20 percent of the respondents (Tables XII, XVI and XVII) trust life insurance agents and want assistance from a life insurance agent in the purchase decision.

The most accepted method of obtaining life insurance is purchasing through a company or trade union. Respondents are very favorably inclined toward eliminating contact with the agent. The fact that many respondents purchase life insurance through companies and trade unions indicates that they do not have to be pressured to purchase.

Other areas which are indicative of dissatisfaction include the
items listed below:

> Only six percent of the respondents indicated that the
> last life insurance purchase was based on an established
> relationship with an agent. (Industry statistics con-
> firm that the percentage of sales based on an established
> relationship is low but listed the percentage at 13 per-
> cent. See Chapter Two.)

> Although 35 percent of the respondents wanted to purchase
> life insurance based on comparative shopping, only four
> percent thought they actually achieved this goal.

> Of those surveyed, 22 percent admitted that it is
> impossible to be sure if you are getting the best life
> insurance policy for the amount of money you spend.

> One-half of the respondents feel that the government
> should provide some degree of life insurance protection
> for all families.

There is a negative correlation between the number of children per
family and life insurance coverage. Although one important reason for
having life insurance is the protection of children in case of the
untimely death of a father, the correlation between number of children
and the owning of life insurance is a negative correlation. The older
respondents are, the more coverage they tend to own which may indicate
that protection is increased as children grow up and the need is re-
duced. Another interesting finding is that the better educated the
husband and wife are, the more coverage the family is likely to have.
The better educated families also tend to have fewer children than the
less well educated which is further evidence that the greatest pro-
tection exists where it is needed least. Life insurance coverage in-
creases as respondents increase in age and as the husband and wife have
more education.

Age, life insurance coverage, education of husband and education of the wife are all correlated to life insurance attitudes. As age, education (husband and wife) and life insurance coverage increase, attitudes toward the price awareness dimension indicate greater disagreement. As respondents make more price comparisons, they express less confidence in the pricing information given them by life insurance companies. The more advanced age groups which have more education and life insurance coverage do not want to purchase on the "all I can afford basis" and consider price important in making a purchase decision.

As age, education, and insurance coverage increase, respondents become increasingly negative toward promotion and ownership of the life insurance product (in spite of the fact that they do own more coverage than groups with less negative attitudes). As age and life insurance coverage increases there is probably less need for additional life insurance. The higher level socio-economic group is more resentful about being contacted by life insurance agents and has more desire for information in regard to policies. The higher socio-economic group is not likely to hold the view that a family should have as much life insurance as they can afford.

As occupational status of the husband and wife increase, anti-promotion attitudes decrease. The reason may be that higher occupational status groups have more contact with competent, professional life insurance agents. As occupational status increases, disagreement with items in the price dimension increases. This finding means that the higher occupational status groups have a greater desire to make price comparisons but are more likely to feel that companies do a poor

job of informing consumers concerning prices. Finally, as occupational
status increases, respondents are more positive in their attitudes
toward ownership of the life insurance product.

The relationship between the anti-promotion dimension and other
socio-economic variables indicates that (1) the tendency for respon-
dents to support government control and regulation is correlated with
increasing anti-promotion attitudes. (2) increasing anti-big business
attitudes are directly related to anti-promotion attitudes, and (3) a
negative relationship exists between the anti-promotional dimension and
economic liberalism. This means the economic liberal is more anti-
promotion.

Attitudes related to price indicate a lack of price awareness asso-
ciated with a desire for government control and regulation. The respon-
dent who supports government control and regulation is more likely never
to have compared policy costs and made purchases on an "all I can af-
ford basis." Also significant correlation exists between expressed
anti-big business attitudes and a lack of price awareness. The anti-
big business orientation is associated with respondents who never com-
pared policy costs or bought on an "all I can afford basis."

Those respondents who support government control and regulation
have a negative view of product desirability while the anti-big business
advocates are positively correlated to product desirability. The corre-
lation between economic liberalism and product desirability is negative.

Support for government control and regulation is correlated with
life insurance coverage. The correlation indicates that respondents'
disagreement with the idea of government control and regulation in-

creases their ownership of life insurance. Conversely as those surveyed are more anti-big business, they own less life insurance, and the economic liberal also tends to own less life insurance.

Respondents have more life insurance coverage if they (1) are not as aware of price differences between companies, (2) consider the product desirable, and (3) are not opposed to present promotional techniques.

II. CONCLUSIONS

The concepts of life insurance product and price are not understood by most consumers. Although life insurance is a desired product, perceived as a necessity, respondents have conflicting attitudes and purchase patterns. Evidence from this study suggests death protection is most important to consumers yet cash value policies are purchased more often than term policies. Since respondents purchase on an "all I can afford basis," this conflicting attitude-response pattern may produce anxiety. Most sales efforts focus on cash value life insurance which probably explains why fewer respondents own term life insurance (35 percent) than whole-life or endowment life insurance (50 percent).

Although most respondents view price as an important consideration in making a purchase decision, half of the respondents have not compared policy costs from different life insurance companies. Also half of the respondents do not believe that life insurance companies do a good job informing them concerning the prices of different policies. Respondents view the price of life insurance as the premium expenditure or money exchange process: they are apparently unaware of a sophisti-

cated method of determining the true price of life insurance as defined by the Joint Special Committee on Life Insurance Costs.

The product and price strategies of the life insurance industry are not, however, the major sources of anxiety about the life insurance marketing system. Attitudes are positive toward ownership of the product and indicate ignorance of pricing methods.

A major portion of the consumer discontent delineated in this study is associated with the life insurance promotional system. Especially, respondents are resentful toward the life insurance agent and desire more objective information concerning policies, prices and benefits. The Institute of Life Insurance research cited in Chapter Two indicates that seven out of ten consumers are annoyed by high pressure tactics used by life insurance agents. Group programs are the most approved life insurance distribution system due to the lack of anxiety which is associated with purchasing life insurance from an agent.

Respondents are ill-informed by agents and promotional activities concerning prices and products, the agent sometimes provides only that information necessary to close the sale. Consumers apparently recognize their disadvantage in the purchase situation since three-fourths of the respondents desire more information before talking with an agent.

III. SUGGESTED INDUSTRY RESPONSE

The life insurance industry could improve the existing situation by analyzing the strengths and weaknesses of the marketing variables discussed in the survey of life insurance. Eighty-three percent of the male household heads interviewed own at least one life insurance policy. According to the Institute of Life Insurance, this is the same percent of households that own life insurance nationally.

A major problem in the life insurance industry results from life insurance being "sold" rather than "bought."[1] The research findings indicate that there is much resentment and distrust of life insurance agents. For example, only 20 percent of the respondents trust a life insurance agent to assist in making a life insurance purchase decision. The life insurance industry should develop improved marketing techniques that place consumer needs and wants first. In this way the image of the agent can be improved.

As stated in Chapter Four, approximately two-thirds of the respondents find fault with some aspect of the life insurance marketing system. Innovations are needed to mass market life insurance and in this way avoid agent-client conflict. Traditionally unsought goods are "sold" by means of intense personal selling effort. Since life insurance is perceived as a necessity, buyers should be given fair and straightforward information concerning policies and prices. If this change is made, the strenuous selling efforts which antagonize consumers can be reduced or eliminated.

Much controversy exists surrounding the marketing of term life insurance to consumers. A consumer advocate has charged that life insurance commissions are rigged to force the agent to sell high-priced policies.[2] The Vermont Commissioner of Insurance has suggested that commissions on term policies be doubled to encourage life insurance

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[1] MacFarlane, William, "Knauer Office Unit Meets with Industry Group," The National Underwriter, VII, (February 12, 1972), pp. 77-86.

[2] Carper, Jean, "Truth in Life Insurance," Nation, (January 11, 1971), p. 45.

agents to sell term insurance.[3] Chapter Four includes the finding that

approximately one-half of all respondents mentioned protection in case

of death as the only reason for buying life insurance. Life insurance

companies and agents should provide more information to clients concern-

ing the purpose and nature of term life insurance. For example, the

Institute of Life Insurance should classify term life insurance as a

type of coverage in the next edition of the Life Insurance Fact Book.

To avoid consumer discontent, life insurance companies should not

pressure a client to purchase whole-life or endowment policies. The

final life insurance purchase decision should be based on the consumer's

objectives, desires and needs. Unless life insurance agents explain

all the different types of policies and attempt to understand the con-

sumer's preferences, the consumer will be at a disadvantage in trying

to make the best purchase decision.

Much discussion and debate has been heard concerning the true price

of life insurance.[4] The life insurance industry has been criticized by

President Nixon's Consumer Advisory Council Subcommittee on Insurance

for failing to give the consumer adequate price information.[5] The

empirical phase of this study indicates that many respondents also be-

lieve that life insurance companies do not do a good job of informing

consumers concerning the price of life insurance, and respondents be-

lieve that they cannot compare life insurance costs from different com-

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[3]Vermont Commissioner Says Term Insurance is Kept "Under Wraps,"
Wall Street Journal, (October 24, 1971), p. 1.

[4]Joint Special Committee on Life Insurance Costs, (New York: In-
stitute of Life Insurance, 1971), pp. 1-30.

[5]MacFarlane, Op. Cit., pp. 77-86.

panies. Clearly all life insurance companies should adopt the price disclosure method suggested by the Joint Special Committee on Life Insurance Costs. The industry should accept the committee's recommendation about the interest-adjusted method for comparing life insurance costs. There is a great difference between "informing one's field force about" and "implementing" the interest-adjusted method.[6] Many agents may not want to change the traditional approach in price disclosure if they believe that the traditional approach is the best way to sell. If companies fail to implement an improved price disclosure method, "truth in life insurance pricing" legislation may be needed to serve the same function that "truth in lending" legislation serves for the finance industry.

The research results indicate that as respondents support government control and regulation, tend to be anti-big business and are economically liberal, they own less life insurance. Research conducted for the Institute of Life Insurance indicates that life insurance companies are equated with big business.[7] Since Chapter Four indicates that anti-big business attitudes are well entrenched, life insurance companies should investigate the underlying causes of anti-big business attitudes as they relate to the life insurance industry. Also the effect of support for government control and regulation and economic liberalism should be analyzed to determine the possible long-run in-

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[6]Blake T. Newton, Jr., Personal Correspondence to Mrs. Virginia H. Knauer, (March 3, 1972), p. 1.

[7]Monitoring Attitudes of the Public, (Institute of Life Insurance, 1969), pp. 71-73.

fluence of the growth of these attitudes on the life insurance industry.
Several examples of the growth of anti-big business activities can be
cited. One critic has suggested that large mutual life insurance com-
panies are "big business" that does not operate to provide maximum bene-
fits for policyholders.[8]

In a study commissioned by the governor of Wisconsin, the discovery
was made that mutual life insurance company management contracts can be
used to siphon profits out of the life insurance company; thus creating
problems of conflicts of interest and frequent violation of the fidu-
ciary responsibility of corporate officers and directors; these proce-
dures jeopardize the security of policyholders.[9] Knowledge of respon-
dent attitudes toward big business, economic liberalism and support of
government control and regulation provides evidence that many respon-
dents would like mutual life insurance companies to solve the problems
related to the management contract method of operation. Involvement of
policyholders in decision-making should result in improved service to
consumers.

The empirical concepts investigated indicate that group programs
are the most approved method of buying life insurance. Group life
insurance usually eliminates contact with an agent which could cause an
anxiety situation. Two-thirds of the respondents would prefer to buy

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[8]Reynolds, Scott G., The Mortality Merchants, (New York: David
McKay Company, Inc., 1968), pp. 1-50.

[9]Gorden Sinykin and Shirley S. Abrahamson, "Management Contracts
in the Insurance Industry: A Wisconsin Study," Wisconsin Law Review,
MCMLXIX, (October, 1969), p. 693.

all types of policies from well-known companies through their employer or trade union.

Life insurance companies should utilize the efficient group approach and develop "group type" programs that could be mass marketed. Possibly group marketing could be expanded to any definable market segment that could be serviced. Life insurance agents could be utilized in managing mass marketing programs and in providing special service for individuals who desire unique life insurance programs (18 percent of the respondents in this study had called an agent for assistance).

From the government perspective, life insurance should be viewed as an economic determinant of the standard of living. Life insurance should be analyzed and investigated to determine the social and economic damage to the country due to the condition of many underinsured citizens. Government agencies such as the Office of Consumer Affairs and the Federal Trade Commission could do much to encourage the life insurance industry to be more responsive to consumer needs.

The Office of Economic Opportunity should consider life insurance when measuring the needs of the poor. This study indicates that the poor desire life insurance but their low incomes mean that they must usually pay the highest premium per thousand due to the high costs of weekly collections by industrial life insurance agents. Possibly the Office of Economic Opportunity could arrange a "group type" low cost life insurance program coordinated by life insurance companies. In this way private enterprise could assist in meeting the life insurance needs of the poor.

IV. FUTURE RESEARCH POSSIBILITIES

A need exists for research to determine the underlying influences of consumer attitudes toward life insurance. More in-depth probes, on an ongoing basis, of product, price or promotion attitudes delineated in this study would be valuable.

Although the research "Monitoring Attitudes of the Public," funded by the Institute of Life Insurance, are the most scientific studies being conducted by the life insurance industry on an ongoing basis, the writer believes that the surveys should classify term life insurance as a type of coverage. In future research the Institute of Life Insurance should provide member companies with more information concerning attitudes toward term life insurance.

Finally, more research should be conducted to determine the role of the government in assisting the underinsured citizen in obtaining an adequate level of life insurance. Possibly research could be conducted to determine the effect of life insurance on the American standard of living. An answer should be sought to the question, to what extent is the government involved in providing benefits similar to those which could be provided by life insurance companies?

Another area of research suggested from the summary and conclusions would be an investigation and analysis of the efficiency of group life insurance programs and the feasibility of expanding the group concept to new market segments. Since respondents considered group programs the most approved way to purchase life insurance, more investigation into the potential group markets is needed.

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APPENDIX A

QUESTIONNAIRE

September, 1971

Louisiana State University
School of Business
Department of Marketing
Baton Rouge, Louisiana

A. (Show card A) Here is a list of various products and services.
For each of these items, please tell me whether you think it is
reasonably priced, or whether you think the price is too high.

	Reason-able	Too High	DK
Electricity	1-1	2	3
Medicine	2-1	2	3
Bank Loans	3-1	2	3
Loans from Small Loan Companies	4-1	2	3
Gasoline	5-1	2	3
Meat	6-1	2	3
Telephone	7-1	2	3
Life Insurance	8-1	2	3
Doctor's Service	9-1	2	3
Bread	10-1	2	3
Auto Insurance	11-1	2	3
Housing	12-1	2	3

B. (Show card B) Here is a list of professionals and businessmen that
you probably utilize to obtain services and products. When I call
out a businessman or professional, please tell me if you make up
your own mind concerning the final service or product you receive,
or do you let the businessman or professional decide the type ser-
vice or product you need.

	Let Business-man Decide	Make Up Your Own Mind	DK
Real Estate Agent	13-1	2	3
Banker	14-1	2	3
Doctor	15-1	2	3
Automobile Salesman	16-1	2	3
Plumber	17-1	2	3
Lawyer	18-1	2	3
Life Insurance Salesman	19-1	2	3
Clothing Salesman	20-1	2	3
Automobile Repairman	21-1	2	3
TV Repairman	22-1	2	3

Card Deck Attitude Scale: Hand Respondent Fold-Out

Strongly Disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	DK
Card #	Card #	Card #	Card #	Card #	Card #	Card #
1-6	1-5	1-4	1-3	1-2	1-1	1-7
2-6	2-5	2-4	2-3	2-2	2-1	2-7
3-6	3-5	3-4	3-3	3-2	3-1	3-7
4-6	4-5	4-4	4-3	4-2	4-1	4-7
5-6	5-5	5-4	5-3	5-2	5-1	5-7
6-6	6-5	6-4	6-3	6-2	6-1	6-7
7-6	7-5	7-4	7-3	7-2	7-1	7-7
8-6	8-5	8-4	8-3	8-2	8-1	8-7
9-6	9-5	9-4	9-3	9-2	9-1	9-7
10-6	10-5	10-4	10-3	10-2	10-1	10-7
11-6	11-5	11-4	11-3	11-2	11-1	11-7
12-6	12-5	12-4	12-3	12-2	12-1	12-7
13-6	13-5	13-4	13-3	13-2	13-1	13-7
14-6	14-5	14-4	14-3	14-2	14-1	14-7
15-6	15-5	15-4	15-3	15-2	15-1	15-7
16-6	16-5	16-4	16-3	16-2	16-1	16-7
17-6	17-5	17-4	17-3	17-2	17-1	17-7
18-6	18-5	18-4	18-3	18-2	18-1	18-7
19-6	19-5	19-4	19-3	19-2	19-1	19-7
20-6	20-5	20-4	20-3	20-2	20-1	20-7
21-6	21-5	21-4	21-3	21-2	21-1	21-7
22-6	22-5	22-4	22-3	22-2	22-1	22-7
23-6	23-5	23-4	23-3	23-2	23-1	23-7
24-6	24-5	24-4	24-3	24-2	24-1	24-7
25-6	25-5	25-4	25-3	25-2	25-1	25-7
26-6	26-5	26-4	26-3	26-2	26-1	26-7
27-6	27-5	27-4	27-3	27-2	27-1	27-7
28-6	28-5	28-4	28-3	28-2	28-1	28-7
29-6	29-5	29-4	29-3	29-2	29-1	29-7
30-6	30-5	30-4	30-3	30-2	30-1	30-7
31-6	31-5	31-4	31-3	31-2	31-1	31-7
32-6	32-5	32-4	32-3	32-2	32-1	32-7
33-6	33-5	33-4	33-3	33-2	33-1	33-7
34-6	34-5	34-4	34-3	34-2	34-1	34-7
35-6	35-5	35-4	35-3	35-2	35-1	35-7
36-6	36-5	36-4	36-3	36-2	36-1	36-7

C. (Show card C) Of the various investments or places that you put
your money, which of the following do you feel is best suited for
you at the present?

	Mutual Funds	Stocks	Savings Accounts	Life Insurance	Gov't Bonds	Real Estate
Saving for retirement	23-1	2	3	4	5	6
Safety of your money	24-1	2	3	4	5	6
Return on investment	25-1	2	3	4	5	6
Protection from inflation	26-1	2	3	4	5	6
Saving for a special expense such as a college education	27-1	2	3	4	5	6

D. (Show card D) Has your family invested or put your money in any of
the following?

	Yes	No	DK
Stocks	28-1	2	3
Savings Account	29-1	2	3
Life Insurance	30-1	2	3
Government Bonds	31-1	2	3
Real Estate	32-1	2	3
Mutual Funds	33-1	2	3
Company Retirement Plan	34-1	2	3
Social Security	35-1	2	3
Savings & Loan Association	36-1	2	3
Corporate Bonds	37-1	2	3
Credit Unions	38-1	2	3

39. What is your general impression of the way life insurance is sold?

40. When you think of life insurance policy, what type of policy bene-
fits do you expect? (probe and list benefits)

41. When you think of purchasing life insurance, how can you be sure that you are getting the best policy for the amount of money that you spend?

42. (If the respondent owns life insurance) Please think back to the last time that you purchased life insurance from an agent. Could you tell me how you were approached by the agent and how you made up your mind about purchasing life insurance?

    How were you approached? (probe)

43. How did you make up your mind? (probe)

44. When did you buy your last policy?

45. Some people say that buying insurance is like purchasing legal advice from a lawyer or being treated by a medical doctor. Please give me your opinion of the differences (if any) between life insurance salesmen and doctors/lawyers?

46. Would you please describe a typical life insurance agent? In other words, give me your impression of a typical life insurance agent's personality as it relates to the way he deals with customers.

E. (Show card E) On this card are a number of possible ways and places where people could buy life insurance. For each, please tell me whether you would rather buy life insurance in this way than from an agent.

	Would Rather Buy	Would Rather Not Buy
Special Government Agency that would offer life insurance like federal crop insurance and storm insurance is now available.	47-1	2
A stockbroker or securities firm offering a life insurance department.	48-1	2 .
Credit Union offering a full line of policies from well-known companies.	49-1	2
Your Company or Union offering all types of policies from well-known companies.	50-1	2
A life insurance department in your bank.	51-1	2
A life insurance department in a department store where you could make the purchase personally.	52-1	2
A life insurance department in a savings and loan association.	53-1	2

Are you, yourself, covered by any of the types of life insurance listed here?

<div style="text-align:center">

54- Yes   1
No   2

</div>

F. (Show card F) If Yes: With which of the listed types of life insurance are you covered?

Personal term life insurance (protection terminates sometime in the future.	55-1
Personal cash value life insurance (whole life)	56-2
Group life insurance (such as company or union life insurance)	57-3
Veterans life insurance.	58-4
Industrial, fraternal or burial society life insurance (collect every month)	59-5
Other life insurance – Specify _____	6

G. (Show card G) If Yes: Considering all the life insurance you,
    yourself, own, please tell me the coverage category you are in.

             60 – Less than $2,000   1
                  $ 3,000 – 4,999   2
                  $ 5,000 – 9,999   3
                  $10,000 – 14,999   4
                  $15,000 – 24,999   5
                  $25,000 – 49,999   6
                  $50,000 – and over   7

Do you remember the exact amount of your life insurance coverage?

61-63 Exact Amount _____.

THIS IS A BONA FIDE INTERVIEW AND HAS BEEN OBTAINED
ACCORDING TO QUOTA AND ALL INTERVIEWER SPECIFICATIONS

Respondent's Name_____ Interviewer's Signature_____

Address_____ Length of Interview_____Date___ _____

City or Town_____ Validated by_____

Telephone Number_____ Validation Date_____, 1971

64-Age:

18 - 24 years	1
25 - 29 years	2
30 - 34 years	3
35 - 44 years	4
45 - 54 years	5
55 - 64 years	6
65 years and over	7

65-May I ask your exact age?___

67-Marital Status:

Married	1
Single	2
Widowed	3
Separated or Divorced	4

68-Education of Respondent:

Less than high school graduate	1
High school grad	2
Some college	3
College graduate	4
Grad. education	5

69-70 How many years of school did you finish?_____

71-(If Married) Education of Wife:

Less than high school graduate	1
High school grad	2
Some college	3
College graduate	4
Grad. education	5

72-73 How many years of school did she finish?_____

74-Number of Children Living at Home Under 18 Years of Age:

One	1
Two	2
Three	3
Four	4
Five	5
Six or more	6

75-Occupation if Employed Full/Part Time (Describe Job and Position Held):

_____

_____

37-Race: (Observation)

White	1
Black	2
Cuban or other White Spanish Speaking	3

38-Types of Households: (Show card II)

Husband and wife--one or more children at home under 18 years	1
Husband and wife--all children over 18 years	2
Father only--one or more children at home under 18 years	3
Male adult--no children at home	4
Husband and wife--no children	5
Other:_____	6

39-<u>Total Household Income</u> (<u>Before</u>
   <u>Taxes</u>): (<u>All Sources</u>) (<u>Show</u>
   <u>card</u> <u>I</u>)

A	Under $3,000	1
B	$ 3,000 – 4,999	2
C	$ 5,000 – 7,999	3
D	$ 8,000 – 9,999	4
E	$10,000 – 14,999	5
F	$15,000 – 19,999	6
G	$20,000 – 24,999	7
H	$25,000 – and over	8

40-<u>Location</u>

  39-1 Denver
  39-2 New Orleans
  40-3 Miami

APPENDIX B

NUMERICAL AND PERCENTAGE

AGGREGATE TABULATION OF QUESTIONNAIRE RESPONSES

NUMERICAL AND PERCENTAGE
AGGREGATE TABULATION OF QUESTIONNAIRE RESPONSES

A. (Show card A) Here is a list of various products and services.
    For each of these items, please tell me whether you think it is
    reasonably priced, or whether you think the price is too high.

	Reasonable		Too High		Don't Know		Total	
	No.	%	No.	%	No.	%	No.	%
Electricity	317	67	149	31	9	2	475	100
Medicine.	85	18	365	75	25	7	475	100
Bank Loans.	198	42	228	48	49	10	475	100
Loans from Small Loan Companies .	44	9	379	80	52	11	475	100
Gasoline.	185	39	281	59	9	2	475	100
Meat.	124	26	335	71	16	3	475	100
Telephone	332	70	135	28	8	2	475	100
Life Insurance. . .	267	56	175	37	33	7	475	100
Doctor's Service. .	110	23	346	73	19	4	475	100
Bread	298	63	162	34	15	3	475	100
Auto Insurance. . .	53	11	415	87	7	2	475	100
Housing	124	26	342	72	9	2	475	100

B. (Show card B) Here is a list of professionals and businessmen
    that you probably utilize to obtain services and products. When
    I call out a businessman or professional, please tell me if you
    make up your own mind concerning the final service or product you
    receive, or do you let the businessman or professional decide the
    type service or product you need.

	Let Businessman Decide		Make Up Your Own Mind		Don't Know		Total	
	No.	%	No.	%	No.	%	No.	%
Real Estate Agent .	56	12	383	80	36	8	475	100
Banker.	147	31	294	62	34	7	475	100
Doctor.	385	81	76	16	14	3	475	100
Automobile Salesman	23	5	437	92	15	3	475	100
Plumber	278	59	159	33	38	8	475	100
Lawyer.	351	74	90	19	34	7	475	100
Life Insurance Salesman	95	20	361	76	19	4	475	100
Clothing Salesman .	33	7	434	91	8	2	475	100
Automobile Repairman	212	45	238	50	25	5	475	100
TV Repairman. . . .	313	66	143	30	19	4	475	100

	Strongly Agree		Agree		Slightly Agree		Slightly Disagree		Disagree		Strongly Disagree		Don't Know		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1. In many of our largest industries, one or two companies have too much control of the industry. . . .	86	18	190	40	87	18	39	8	30	6	16	3	25	5	475	100
2. I would like to see the federal government controlling how much profit a large company can make	47	10	76	16	61	13	45	9	123	26	113	24	10	2	475	100
3. I do not feel that personal life insurance is very important because of social security insurance and other government programs.	16	3	34	7	36	8	70	15	184	39	127	27	8	1	475	100
4. For the good of the country, many of our largest companies ought to be broken up into smaller companies.	38	8	101	20	56	12	61	15	148	31	55	11	16	3	475	100
5. I would like to see the federal government providing life insurance to cover final death expenses for members of all families	58	12	123	26	56	12	42	9	106	22	70	15	20	4	475	100
6. Large companies are essential for the nation's growth and expansion.	77	16	213	45	82	17	41	9	31	7	15	3	16	3	475	100
7. Large incomes should be taxed much more than they are now. .	100	21	97	20	69	15	56	12	72	15	59	12	22	5	475	100
8. I would like to see the federal government providing medical insurance for doctor and hospital bills	98	21	137	29	67	14	45	10	67	14	54	11	7	1	475	100
9. The incomes of most people are a fair measure of their contribution to human welfare . .	14	3	83	18	54	11	62	13	125	26	108	23	29	6	475	100

	Strongly Agree		Agree		Slightly Agree		Slightly Disagree		Disagree		Strongly Disagree		Don't Know		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
10. I feel that my employer offers group life insurance to protect my family adequately. .	57	12	137	29	49	10	42	9	92	19	68	14	30	7	475	100
11. Without sweeping changes in our economic system, little progress can be made in the solution of social problems.	63	13	122	26	53	11	48	10	95	20	67	14	27	6	475	100
12. A family should have as much life insurance as the breadwinner can afford.	72	15	186	39	85	18	46	10	54	11	28	6	4	1	475	100
13. I would like to see the federal government and operating essential industries.	21	4	31	7	23	5	39	8	138	29	207	44	15	3	475	100
14. I would like to see the federal government guaranteeing the prices farmers get for their products.	43	9	120	25	73	15	65	14	85	18	67	14	22	5	475	100
15. A family should have as much life insurance as it would take for the breadwinner's family to be self-supporting.	67	14	179	38	102	22	43	9	54	11	19	4	11	2	475	100
16. I resent being contacted by life insurance agents. . . .	83	18	133	28	73	15	58	12	85	18	32	7	11	2	475	100
17. Poverty is chiefly a result of injustice in the distribution of wealth.	41	9	68	14	63	13	49	10	123	26	126	27	5	1	475	100
18. I would like to see the federal government guaranteeing a job to everyone able to work.	74	16	114	24	63	13	43	9	89	19	87	18	5	1	475	100

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	Strongly Agree		Agree		Slightly Agree		Slightly Disagree		Disagree		Strongly Disagree		Don't Know		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
19. I have never attempted to compare policy costs from different life insurance companies.	30	6	127	27	57	12	55	12	134	28	62	13	10	2	475	100
20. As they grow bigger, companies usually get cold and impersonal in their relations with people.	106	22	167	35	89	19	37	8	48	10	17	4	11	2	475	100
21. If I need some life insurance, I would contact an agent or broker	88	19	268	56	60	12	21	5	23	5	5	1	10	2	475	100
22. There's too much power concentrated in the hands of a few large companies for the good of the nation	76	16	151	32	84	18	58	12	62	13	24	5	20	4	475	100
23. I feel that life insurance companies do a good job informing me concerning the prices of different policies .	22	5	127	27	80	17	68	14	106	22	52	11	20	4	475	100
24. The profits of large companies help make things better for everyone who buys their products or services	28	6	106	22	86	18	86	18	102	22	42	9	25	5	475	100
25. Life insurance is a necessity.	123	26	179	38	70	15	31	7	34	7	25	5	13	2	475	100
26. I would like to see the federal government giving financial aid to local state education .	134	28	178	38	67	14	21	4	41	9	24	5	10	2	475	100
27. I bought or would buy life insurance based on the expected cash value when the policy matures.	51	11	171	36	107	23	47	10	59	12	22	5	18	3	475	100

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	Strongly Agree		Agree		Slightly Agree		Slightly Disagree		Disagree		Strongly Disagree		Don't Know		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
28. I find it useful to be contacted by life insurance agents even when I am not in the market for insurance coverage.	19	4	85	18	42	9	46	10	160	34	110	23	13	2	475	100
29. I bought or would buy life insurance based on a desired amount of coverage or protection in case of death. . .	83	18	260	55	74	16	11	2	30	6	11	2	6	1	475	100
30. If I need some life insurance I would probably do nothing about it for awhile.	23	5	96	20	53	11	63	13	140	30	84	18	16	3	475	100
31. I feel like life insurance company advertising gives me information that is helpful in making life insurance purchase decisions.	26	6	101	21	102	22	52	11	113	24	62	13	19	3	475	100
32. I do not feel that price or cost of an insurance policy is important in making a purchase decision.	17	4	57	12	40	8	76	16	157	33	118	25	10	2	475	100
33. I would like to have some information concerning policies and know exactly what it could cost, based on age, the type of coverage, etc. before I talk to a life insurance agent	66	14	196	41	75	16	26	5	55	12	45	10	12	2	475	100
34. A family should only have the minimum life insurance needed to pay final medical and burial costs.	22	5	58	12	37	8	76	16	151	32	117	25	14	2	475	100

	Strongly Agree		Agree		Slightly Agree		Slightly Disagree		Disagree		Strongly Disagree		Don't Know		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
35. I like the idea of buying life insurance from companies that sell to the consumer, without using an agent..	32	7	99	21	62	13	71	15	135	28	48	10	25	5	475	100
36. I bought or would buy insurance policy based on the premium per month or year..	40	8	192	40	96	20	34	7	75	16	22	5	16	4	475	100

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C. (Show card C) Of the various investments or places that you put
your money, which of the following do you feel is best suited
for you at the present?

	Mutual Funds		Stocks		Savings Accounts		Life Insurance		Gov't Bonds		Real Estate		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Saving for Retirement .	61	13	35	7	128	27	66	14	68	14	117	25	475	100
Safety of Your Money .	14	3	10	2	208	44	25	5	157	33	61	13	475	100
Return on Investment .	39	8	111	23	65	14	24	5	52	11	184	39	475	100
Protection from Inflation. .	19	4	41	9	57	12	48	10	133	28	177	37	475	100
Saving for a special expense such as a college education. .	36	8	15	3	230	48	100	21	80	17	14	3	475	100

D. (Show card D) Has your family invested or put your money in
any of the following?

	Yes		No		Don't Know		Total	
	No.	%	No.	%	No.	%	No.	%
Stocks	160	34	308	64	7	2	475	100
Savings Account.	412	87	57	12	6	1	475	100
Life Insurance	402	85	67	14	6	1	475	100
Government Bonds	203	43	263	55	9	2	475	100
Real Estate	294	62	168	35	13	3	475	100
Mutual Funds	89	19	366	77	20	4	475	100
Co. Retirement Plan . . .	256	54	206	43	13	3	475	100
Social Security.	429	90	34	7	12	3	475	100
Savings & Loan Assns. . .	220	46	230	48	25	6	475	100
Corporate Bonds.	32	7	427	90	16	3	475	100
Credit Unions.	190	40	274	58	11	2	475	100

39. What is your general impression of the way life insurance is sold?

	No.	%
1. Basically typical sales approach. (Just sold by salesmen - no professional overtones)	50	11
2. High pressure, too pushy or sold too aggressively . .	107	23
3. Salesmen generally incompetent or salesmen do not consider the interest of the consumer	34	7

	No.	%
4. Salesmen too concerned about the commission. .	17	3
5. Don't like the system, but don't see how to improve it	34	7
6. Generally unfavorable to the system.	50	11
7. Generally favorable to the system (okay, seems all right, etc.)	145	30
8. Other.	4	1
9. Don't Know	34	7
Total.	475	100%

40. When you think of life insurance policy, what type of policy benefits do you expect? (probe and list benefits)

	No.	%
1. General protection for family after death. . .	230	48
2. Cash value benefits (long run pay-off)	77	16
3. Cash value and death benefits.	94	20
4. Education for children or some other saving purpose.	4	1
5. Safety, security or general confidence in the investment	34	7
6. Don't believe in life insurance.	9	2
7. Other.	9	2
8. Don't Know	18	4
Total. . . .	475	100%

41. When you think of purchasing life insurance, how can you be sure that you are getting the best policy for the amount of money that you spend?

	No.	%
1. Comparative shopping, examine several policies from different companies..	167	35
2. Impossible for the average person to determine.	106	22
3. Depend on the agent to provide the best advice.	94	20
4. Trust company image, name well-known company or larger company.	33	7

	No.	%
5. Depend on the general source of information other than agent. (union, articles, studies, etc.)	28	6
6. Intuitive, no reason, just from experience. . .	23	5
7. Other	6	1
8 Don't Know.	18	4
Total	475	100%

42. (If the respondent owns life insurance) Please think back to the last time that you purchased life insurance from an agent. Could you tell me how you were approached by the agent and how you made up your mind about purchasing life insurance? How were you approached? (probe)

	No.	%
1. Never contacted by agent.	104	22
2. Door-to-Door selling.	54	11
3. Referral.	43	9
4. Telephone canvas.	47	10
5. Casual meeting.	26	6
6. Established relationship. (used agent before) .	26	1
7. Person contacted agent.	84	17
8. Personal friend or relative contacted me. . . .	81	17
9. Other	12	3
10. Don't Know.	18	4
TOTAL	475	100%

43. How did you make up your mind? (probe)· · · · · ·

	No.	%
1. General, felt it was right thing to do (needed some, intuitive)·	98	21
2. Comparative shopping.	19	4
3. Trust in agent.	99	21
4. Evaluated general benefits, then decide	57	12
5. Made decision based on desired protection . . .	42	8
6. Made decision based on expected cash value. . .	8	2

		No.	%
7.	Never contacted by agent.	106	23
8.	Consulted friends or relatives..	21	4
9.	Other	6	1
10.	Don't Know	19	4
		475	100%

44. When did you buy your last policy?

1.	1 year or less	105	22
2.	1 to 3 years	85	18
3.	4 to 6 years	66	14
4.	7 to 10 years	46	10
5.	11 to 15 years	25	5
6.	16 to 20 years	11	2
7.	Over 20 years	21	4
8.	Never purchased life insurance from an agent.	101	21
9.	Don't Know	15	4
	Total . . .	475	100%

45. Some people say that buying insurance is like purchasing legal advice from a lawyer or being treated by a medical doctor. Please give me your opinion of the differences (if any) between life insurance salesmen and doctors/lawyers?

1.	Generally no differences or respondent can't communicate differences.	132	28
2.	Generally no difference, but prefer to deal with lawyer or doctor.	31	7
3.	Lawyer, doctor generally more professional or have more training than life insurance salesmen.	217	46
4.	Lawyer or doctors are necessity while life insurance salesmen are not a necessity. . . .	10	2
5.	All three are unfair or negative.	19	4
6.	Life insurance agent best, gives you more freedom to make up your own mind, etc.	13	3

	No.	%
7. Other	·10	2
8. Don't Know.	43	8
Total	475	100%

46. Would you please describe a typical life insurance agent? In other words, give me your impression of a typical life insurance agent's personality as it relates to the way he deals with customers.

	No.	%
1. Cooperative, personable, helpful, dynamic, outgoing (interaction traits)	139	29
2. Trustworthy, honest, high integrity (individual traits).	35	7
3. Only interested in the amount of money they're making on the sale (commission).	34	7
4. Generally dishonest and unfair selling techniques.	18	4
5. Too pushy, high pressure, too aggressive and generally out-to-make-you-buy personality. . .	137	29
6. Generally negative, bothersome, pain-in-the-neck, etc.	9	2
7. Typical salesmen type or "salesman personality" "just a salesman".	46	10
8. Young, incompetent or generally unfavorable in regard to ability.	14	3
9. Other	6	1
10. Don't Know.	37	8
Total	475	100%

E. (Show card E) On this card are a number of possible ways and places where people could buy life insurance. For each, please tell me whether you would rather buy life insurance in this way than from an agent.

	Would Rather Buy		Would Rather Not Buy		Total	
	No.	%	No.	%	No.	%
Special Government Agency that would offer life insurance like federal crop. insurance and storm insurance is now available . . .	199	42	276	58	475	100

	Would Rather Buy		Would Rather Not Buy		Total	
	No.	%	No.	%	No.	%
A stockbroker or securities firm offering a life insurance department.	89	19	386	81	475	100
Credit union offering a full line of policies from well-known companies	233	49	242	51	475	100
Your Company or Union offering all types of policies from well-known companies	320	67	155	33	475	100
A life insurance department in your bank	159	33	316	67	475	100
A life insurance department in a department store where you could make the purchase personally.	47	10	428	90	475	100
A life insurance department in a savings and loan association	133	28	342	72	475	100

Are you, yourself, covered by any of the types of life insurance listed here?

	No.	%
Yes	393	83
No	74	16
Refused	8	2

F. (Show card F) If Yes: With which of the listed types of life insurance are you covered?

	Yes		No		Total	
	No.	%	No.	%	No.	%
Personal term life insurance (protection terminates some time in the future.)	168	35	307	65	475	100
Personal cash value life insurance (whole life)	237	50	238	50	475	100
Group life insurance (such as company or union life insurance)	247	52	228	48	475	100
Veterans life insurance . . .	61	13	414	87	475	100
Industrial, fraternal or burial society life insurance. (collect every month)	49	10	426	90	475	100

G. (Show card G) If Yes: Considering all the life insurance you, yourself, own, please tell me the coverage category you are in.

	No.	%
No coverage	77	17
Less than $3,000.	18	4
$3,000 - 4,999.	15	3
$5,000 - 9,999.	39	7
$10,000 - 14,999.	67	14
$15,000 - 24,999.	85	18
$25,000 - 49,999.	98	21
$50,000 - and over.	76	16
Total	475	100%

Age:	No.	%
18 – 24 years. . . .	106	22
25 – 29 years. . . .	79	17
30 – 34 years. . . .	50	11
35 – 44 years. . . .	85	18
45 – 54 years. . . .	92	19
55 – 64 years. . . .	48	10
65 – and over. . . .	15	3
Total	475	100

Marital Status:

	No.	%
Married.	361	73
Single	89	21
Widowed.	8	2
Separated or divorced.	17	4
Total	475	100

Education of Respondent:

	No.	%
Less than high school graduate . .	71	15
High school graduate	132	28
Some college	149	31
College graduate . .	93	20
Graduate education .	30	6
Total	475	100

(If married) Education of Wife:

	No.	%
Less than high school graduate . .	60	13
High school graduate	162	34
Some college	78	16
College graduate . .	37	8
Graduate education .	19	4
Total	356	100

Number of Children Living at Home Under 18 Years of Age:

	No.	%
One.	85	18
Two.	83	18
Three.	42	9
Four	29	6
Five	12	3
Six or more.	7	2
None	217	44
Total	475	100

Race:	No.	%
White.	339	71
Black.	89	19
Cuban or other White Spanish Speaking . .	47	10
Total	475	100

Types of Households:

	No.	%
Husband and wife—one or more children under 18 years	247	52
Husband and wife—all children over 18 years. .	60	13
Father only—one or more children at home under 18 years.	6	2
Male adult—no children at home	80	17
Husband and wife—no children.	54	11
Other	28	5
Total	475	100

Total Household Income (before taxes): (All Sources)

	No.	%
Under $3,000	39	8
$ 3,000 – 4,999	38	8
$ 5,000 – 7,999	61	13
$ 8,000 – 9,999	65	14
$10,000 – 14,999	135	28
$15,000 – 19,999	80	17
$20,000 – 24,999	24	5
$25,000 – and over	33	7
Total	475	100

Location:

	No.	%
Denver	154	33
New Orleans.	162	34
Miami.	159	33
Total	475	100

Occupation if Employed Full/part time (Describe Job and Position Held)

		Husband No.	%	Wife (if married) No.	%
1.	Professional, technical and kindred workers.	60	13	46	10
2.	Managers, officials and proprietors, except farm.	75	16	10	2
3.	Clerical, sales and kindred. . .	74	16	51	11
4.	Craftsmen, foremen and kindred..	57	12	2	1
5.	Operatives, and kindred workers.	38	8	3	1
6.	Service workers, including private household.	37	8	13	3
7.	Farm laborers, farmers, farm man.	0	0	0	0
8.	Laborers, except farm.	27	6	4	1
9.	Not classifiable..	47	8	7	2
10.	Unemployed, retired, students. .	60	13	208	44
X.	No wife.	--	--	131	25
	Total.	475	100%	475	100%

APPENDIX C

TABLES RELATED TO THE STATISTICAL

ANALYSIS OF LIFE INSURANCE ATTITUDES AND SELECTED SOCIO-

ECONOMIC VARIABLES AS PREDICTORS OF LIFE INSURANCE COVERAGE

TABLE XXVI

PRICE AWARENESS AS A PREDICTOR OF LIFE INSURANCE COVERAGE

Attitude Item	Simple Correlation With Dependent Variable	Coef.	Std. Error	F	R	R^2	ΔR^2
19	.211	3.19	.689	21.40	.211	.044	.044
32	.062	1.00	.769	1.70	.234	.055	.011
23	.115	.40	.767	.27	.242	.058	.004
36	.120	1.67	.735	5.20	.243	.059	.006

TABLE XXVII

PRODUCT DESIRABILITY
DIMENSION AS A PREDICTOR OF LIFE INSURANCE COVERAGE

Attitude Item	Simple Correlation With Dependent Variable	Coef.	Std. Error	F	R	R^2	ΔR^2
12	.045	2.81	.714	15.50	.180	.033	.033
15	.180		Not	Significant			
25	-.120	-2.10	.763	7.59	.219	.048	.016
27	-.062	.22	.794	.08	.238	.058	.002
29	-.055	-1.26	.780	2.62	.231	.054	.005
34	.065	.88	.737	1.44	.238	.057	.003

TABLE XXVIII

ANTI-PROMOTIONAL DIMENSION AS A PREDICTOR OF LIFE INSURANCE COVERAGE

Attitude Item	Simple Correlation With Dependent Variable	Coef.	Std. Error	F	R	R^2	$\triangle R^2$
16	-.041	-0.63	.860	.53	.138	.019	.001
28	-.029			Not Significant			
31	.122	2.03	.767	7.02	.122	.015	.015
33	-.052	- .97	.836	1.35	.134	.018	.003

TABLE XXIX

SUPPORT FOR GOVERNMENT CONTROL AND REGULATION AS A PREDICTOR OF LIFE INSURANCE COVERAGE

Attitude Item	Simple Correlation With Dependent Variable	Coef.	Std. Error	F	R	R^2	$\triangle R^2$
2	.166	2.05	.713	8.27	.219	.048	.017
5	.176	2.80	.731	14.70	.176	.031	.031
8	.145	1.47	.689	4.53	.258	.066	.009
13	.024	.26	.837	.09	.274	.075	.002
14	.147	1.41	.863	2.66	.268	.072	.005
18	.136	.94	.758	1.54	.274	.072	.005
26	-.091	-1.66	.783	4.52	.239	.057	.009

TABLE XXX

ANTI-BIG BUSINESS DIMENSION AS A PREDICTOR OF LIFE INSURANCE COVERAGE

Attitude Item	Simple Correlation With Dependent Variable	Coef.	Std. Error	F	R	R^2	$\triangle R^2$
1	.059	.80	.768	1.10	.257	.066	.002
4	.097	1.05	.902	1.35	.253	.064	.003
6	.190	2.82	.680	17.26	.190	.036	.036
20	.159	2.41	.740	10.64	.240	.058	.022
22	-.068	-1.30	1.020	1.62	.247	.061	.003

TABLE XXXI

ECONOMIC LIBERALISM DIMENSION AS A PREDICTOR OF LIFE INSURANCE COVERAGE

Attitude Item	Simple Correlation With Dependent Variable	Coef.	Std. Error	F	R	R^2	$\triangle R^2$
2	.166	2.54	.703	13.10	.166	.027	.028
7	-.144	-2.54	.846	9.00	.215	.046	.019
11	-.120	-1.41	.665	4.51	.235	.055	.009
17	.079	1.20	.739	2.60	.247	.061	.005

VITA

Odies Collins Ferrell was born on August 8, 1943, in Paris, Tennessee. He graduated from Hialeah high School in Hialeah, Florida in 1961. He received a B.A. degree in sociology from Florida State University in 1964 and he received an M.B.A. degree in marketing from Florida State University in 1966.

In 1966 he took a position as an associate with Independent Research Associates, Inc. in Miami, Florida. In this position he managed opinion research for the Mayor of Miami and conducted a study on the economic impact of Cuban exiles for the Advanced International Studies Department, University of Miami.

Between 1966 and 1968 he worked for a variety of research organizations and joined the Southeastern Louisiana University marketing faculty. Some of the research projects were conducted for the University of Florida, Urban Counseling and Research Service, Daniel Yankelovich, Inc., Attorney General of Florida and several private businesses.

In the Fall of 1968 he began work on the Ph.D. degree in marketing at Louisiana State University. In January 1972 he joined the marketing faculty at Southern Illinois University in Edwardsville, Illinois. He is now a candidate for the Doctor of Philosophy degree in marketing at Louisiana State University.

EXAMINATION AND THESIS REPORT

Candidate: Odies Collins Ferrell

Major Field: Marketing

Title of Thesis: An Empirical Investigation of Attitudes Toward the Life Insurance Product, Price and Promotion

Approved:

_____
Major Professor and Chairman

_____
Dean of the Graduate School

EXAMINING COMMITTEE:

_____

_____

_____

_____

_____

_____

Date of Examination:

April 25, 1972