

The Influence of Personality Traits on the Likelihood to Buy Life Insurance

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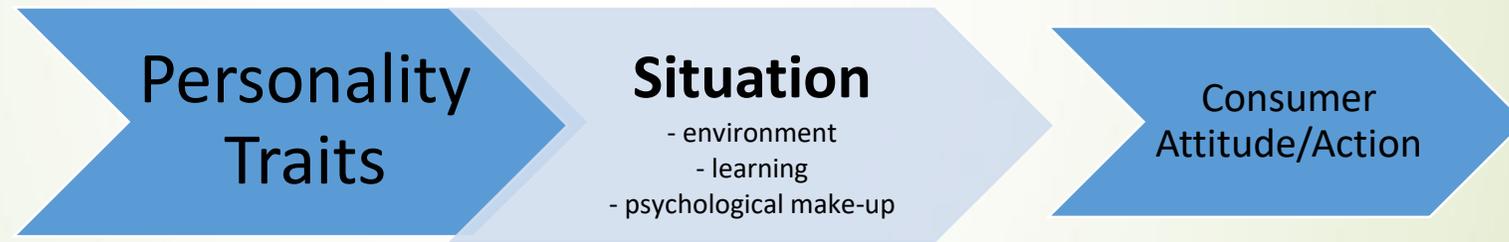


Background

- ▶ Life insurance is an unsought good
- ▶ The product is at the mature stage of life cycle
- ▶ The salesman sells life insurance and the prospect (though acquiring) is not really buying (*hard sell*)
 - ▶ Resulting in exorbitant levels of lapse policy
 - ▶ After five years, approximately 70% of life insurance policy will lapse (Indian Insurance Statistics, 2015-16)
- ▶ 20% of millennials are willing to purchase life insurance online from Google thus showing a shift from the face-to-face selling approach (IBM, 2015)
- ▶ Buying decisions are based on the psychological make up (*including personality*) of the buyer (Mowen, 2000)

What do We Know from Theory?

- 3M, 'Meta-theoretic Model of Motivation',
- The theory seeks to account for how personality traits interact with the situation to influence consumer attitudes and actions



What do We Know from Prior Research?

- Personality traits could influence buyer behaviour (Mowen, 2000; Pirog & Roberts, 2007, Schäfer, 2016; Smith, 2012)

Year	Author(s)	Findings
2000	Mowen	Personality traits are associated with consumer behaviour
2007	Pirog & Roberts	Personality traits are drivers of credit card misuse
2012	Smith	Personality traits are predictors of brand loyalty
2016	Schäfer	Personality traits influence private retirement savings



Question?

What personality traits could influence the likelihood to buy life insurance?





Approach

- Survey instrument developed:
 - Eight personality traits scales (Mowen, 2000)
 - *emotional instability, introversion, openness to experience, agreeableness, conscientiousness, body focus, materialism, need for arousal*
 - likelihood to buy life insurance (author)
 - *need, affordability and intention*
 - demographics
- Final sample of 158
- Structural equations were used for model development and data analysis

Hypotheses Development

- H1. **Emotional instability** is **negatively** associated with the **likelihood to buy life insurance** (Nyhus & Webley, 2001; Ksendozova et al, 2017)
- H2. **Introversion** is **positively** associated with the **likelihood to buy life insurance** (Burnett & Palmer, 1984; Brown & Taylor, 2014; Nyhus & Webley, 2001)
- H3. **Openness to experience** is **positively** associated with the **likelihood to buy life insurance** (Brown & Taylor 2014; Mayfield et al., 2008)
- H4. **Agreeableness** is **negatively** associated with **likelihood to buy life insurance** (Nyhus & Webley, 2001; Schafer, 2016)

Hypotheses Development

- H5. **Conscientiousness** is **negatively** associated with **likelihood to buy life insurance** (Ksendozova, 2017; Nyhus & Webley, 2001)
- H6. **Body focus** is **positively** associated with **likelihood to buy life insurance** (Davis & Rumyan 2016; ELSamen, 2011)
- H7. **Materialism** is **negatively** associated with the **likelihood to buy life insurance** (Donnelly et al., 2013; Ksendozova et al., 2017)
- H8. **Need for arousal** is **positively** associated with the **likelihood to buy life insurance** (Burnett & Palmer, 1984; Zietz, 2003)

Research Model

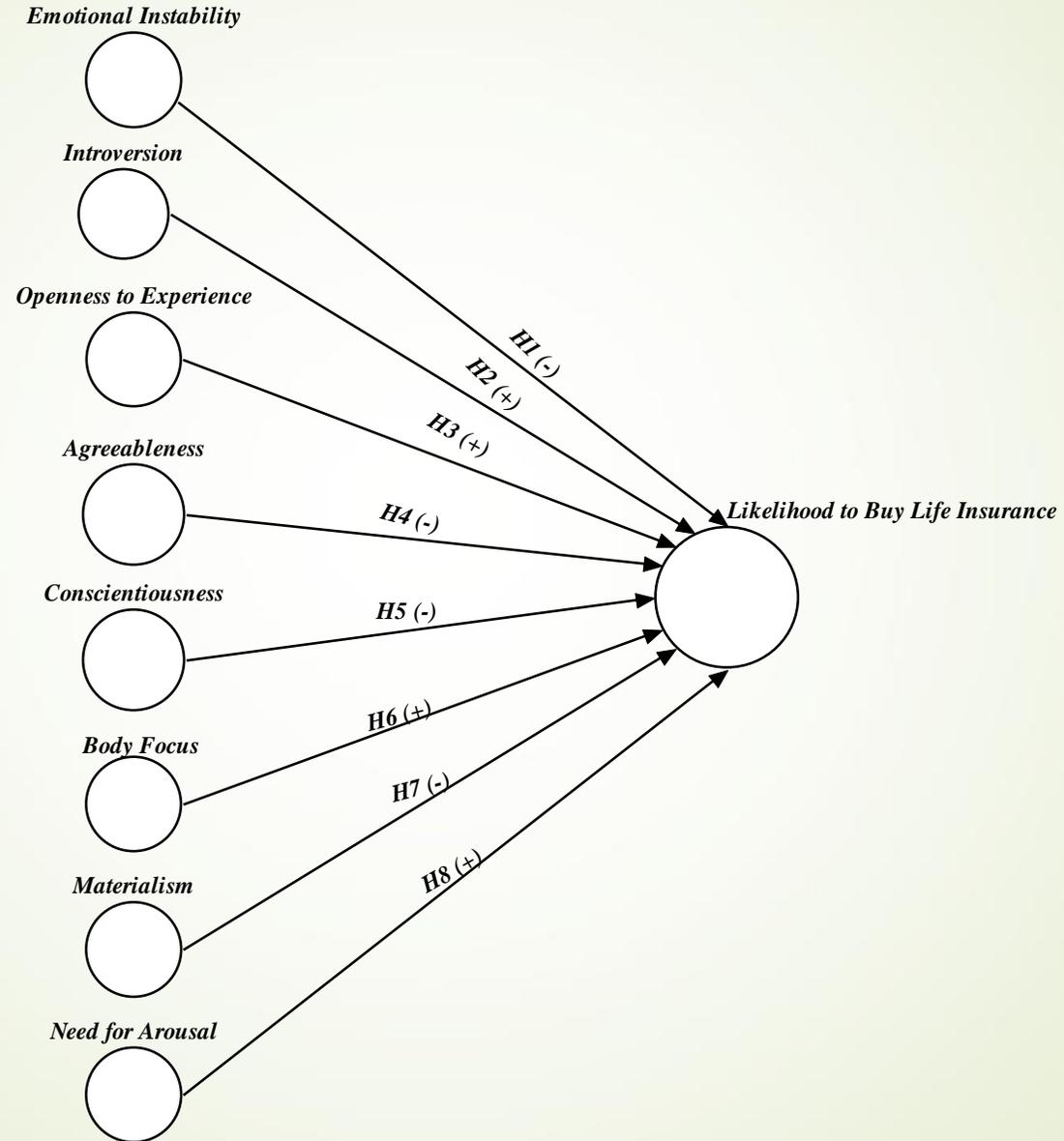


Table 1: Sample Description

Variables	Frequency	Percent	Cumulative Percent
Gender			
Male	71	45.5	45.5
Female	85	54.5	100.0
Total	156	100.0	
Employment			
No	4	2.5	2.5
Yes	152	97.5	100.0
Total	156	100.0	
Age			
20-25	46	29.6	29.6
26-29	52	33.6	63.2
30-35	39	25.2	88.4
36-40	18	11.6	100.0
Total	155	100.0	
Income			
<\$1M gross per year	53	36.5	36.5
\$1M to \$2M gross per year	65	44.8	81.3
>\$2M to \$3M gross per year	18	12.5	93.8
>\$3M to \$4M gross per year	5	3.4	97.2
>\$4M gross per year	4	2.8	100.0
Total	145	100.0	

Table 1: Sample Description

Variables	Frequency	Percent	Cumulative Percent
Last Level of Educational Attainment			
Primary	1	0.6	0.6
Secondary	27	17.6	18.2
Tertiary	126	81.8	100.0
Total	154	100.0	
Have Children			
No	108	71.5	71.5
Yes	43	28.5	100.0
Total	151		
Live with Parent(s)			
No	100	64.1	64.1
Yes	56	35.9	100.0
Total	156	100.0	
Prospected by Life Insurance Sales Rep			
No	20	12.7	12.7
Yes	138	87.3	100.0
Total	158	100.0	
Purchased Life Insurance			
No	59	37.3	37.3
Yes	99	62.7	100.0
Total	158	100.0	

Table 2: Item Loading for Resulting Outer Model

Constructs	Item loadings
Emotional Instability	
- temperamental/overemotional (ei2)	0.738
- testy/easily irritated (ei3)	0.932
Introversion	
- shy (in2)	-0.138
- quiet when with people (in3)	0.734
Openness to Experience	
- frequently feel highly creative (oe1)	0.814
- find novel solutions (oe2)	0.709
- imaginative (oe3)	0.866
Agreeableness	
- kind to others (ag1)	0.749
- tender-hearted with others (ag2)	0.889
- sympathetic (ag3)	0.828
Conscientiousness	
- orderly (co1)	0.932
- precise (co2)	0.881
Body Focus	
- focus on my body and how it feels (bf1)	0.748
- devote time each day to improving my body (bf2)	0.846
- feeling that making my body look good is important (bf3)	0.772
- work hard to keep my body healthy (bf4)	0.822
Materialism	
- enjoy owning luxurious things (ma2)	0.820
- acquiring valuable things is important to me (ma3)	0.895
- like to own nice things more than most people (ma4)	0.828
Need for Arousal	
- drawn to experiences with an element of danger (na1)	0.794
- like the new and different more than the tried and true (na2)	0.772
- seek an adrenaline rush (na3)	0.795
- enjoy taking risk (na4)	0.822
Likelihood to Buy Life Insurance	
- intend to buy or buy more life insurance in next 3 years – intention (lb1)	0.872
- afford to purchase or purchase more life insurance in next 3 years – affordability (lb2)	0.857
- need for or more need for life insurance in next 3 years – need (lb3)	0.832

Table 3: Descriptive Statistics, Alpha, CR and AVE

Constructs	Mean	SD	Alpha	CR	AVE
Emotional Instability (EI)	2.348	1.012	0.615	0.826	0.707
Introversion (IN)	2.939	1.086	0.727	0.198	0.279
Openness to Experience (OE)	3.514	0.870	0.731	0.840	0.639
Agreeableness (AG)	4.097	0.695	0.762	0.863	0.679
Conscientiousness (CO)	3.806	0.833	0.787	0.902	0.822
Body Focus (BF)	3.455	0.870	0.826	0.881	0.650
Materialism (MA)	2.814	1.093	0.810	0.885	0.720
Need for Arousal (NA)	2.705	0.969	0.814	0.874	0.634
Likelihood to Buy Life Insurance Sale (LB)	3.162	1.229	0.815	0.890	0.729

Table 4: Inter-Construct Correlations and Discriminant Validity

	AG	BF	CO	EI	IN	LB	MA	NA	OE
Agreeableness (AG)	0.824								
Body Focus (BF)	0.276	0.806							
Conscientiousness (CO)	0.302	0.172	0.907						
Emotional Instability (EI)	-0.099	0.024	-0.129	0.841					
Introversion (IN)	-0.044	0.038	0.271	-0.076	0.528				
Likelihood to Buy Life Insurance (LB)	0.040	0.198	-0.209	-0.194	-0.118	0.854			
Materialism (MA)	0.084	0.357	0.082	0.022	0.174	0.088	0.848		
Need for Arousal (NA)	0.057	0.332	0.045	0.048	-0.019	0.103	0.379	0.796	
Openness to Experience (OE)	0.159	0.309	0.156	0.000	0.047	0.170	0.195	0.268	0.799

Findings

- ▶ The eight personality traits accounted for 18.2% of the variances observed in likelihood to buy life insurance
- ▶ Openness to experience ($\beta = 0.148$; $p \leq 0.05$) and body focus ($\beta = 0.191$; $p \leq 0.01$) were positively associated with likelihood to buy life insurance
- ▶ Emotional instability ($\beta = -0.240$; $p \leq 0.01$) and conscientiousness ($\beta = -0.284$; $p \leq 0.01$) were negatively associated with likelihood to buy life insurance
- ▶ No relationships were found on the influence of introversion or agreeableness or materialism or need for arousal on likelihood to buy life insurance

Discussion and Inference

- ▶ The **open to experience** tend to be risk takers and are known to purchase high risk type financial products such as stocks and shares (Brown & Taylor, 2014) and inclined to engage in long-term investing (Mayfield et al., 2008) thus **likely to buy**
- ▶ The **body focused** tend to be motivated by health and looks and are known to buy protection such warranty with purchase (EISamen ,2011) and not surprisingly **would buy life insurance** as a means of protection
- ▶ The **conscientious** are known to be good money managers (Ksendozova et al., 2017) but because of their participatory nature **tend not to be keen on inactive investments such as life insurance** (Nidus & Webley, 2001) but would seemly rather active investment types such as stocks and shares which are considered to be more participatory by the buyer
- ▶ The **emotional unstable** are not prudent money managers (Ksendozova et al, 2017) tend to be more of a borrower than a saver (Nidus & Webley, 2001) and therefor tend **not to have disposable income for life insurance**

Recommendations

- ▶ Insurance providers should begin to look at the personality traits of prospects and develop **marketing strategies** around these traits
 - ▶ if the prospect is considered to be **open to experience**, then the life insurance product should contain a risk component such as stocks and shares
 - ▶ If the prospect is considered to be **body focused** then protection must be emphasised in offering
 - ▶ If **conscientious**, though unlikely to buy, should be allowed to actively participate in the design of the product, and given time to buy through gentle follow-up
 - ▶ Develop incentives for **online sales** as the personalities can easily be captured online and the **millennials are ready to make online purchase**



Conclusion

- The study has contributed (to scholarship and practice) a personality trait model for marketing life insurance
- The study found that eight personality traits explained 18.2% of the variance observed in the likelihood to buy life insurance; a good ratio for consumer behavioural studies (Hair et al., 2018)
- Further research should modify this model taking into consideration mediating or moderating effect of situation variables (based on 3M) for better explaining link between personality traits and buying life insurance



Thank You!

