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Factors Driving the Purchase of Life Insurance Among Millennials in Sri Lanka

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ABSTRACT: *The life insurance industry in Sri Lanka has been in existence for over eighty years. However, life insurance penetration rates have been stagnant over a period of time. The complexities that are inherent in a life insurance policy and the emergence of the millennial generation in Sri Lanka is seen by many to have a significant impact on the insurance industry, further stagnating growth. The aim of the researcher is to identify factors that affect the purchase of life insurance among the millennial generation living in Sri Lanka in order to assist the industry face this daunting challenge.*
In order to test and verify the findings, the researcher has followed a deductive approach to set up and test the hypothesis. A sample of three hundred and eighty-nine millennials living in the western province of Sri Lanka is selected by the researcher and a questionnaire is administered to obtain information for this quantitative study.
Findings reveal that factors such as the influence of life events, disposable income, influence of the sales agent and influence of associates have a positive relationship with the purchase of life insurance. Interestingly, the findings also reveal that factors such as instant gratification and the perception of living benefits have a negative relationship with the purchase of life insurance, which is in line with the millennial behavioural characteristics discussed in the literature. The researcher concludes with appropriate recommendations and suggestions that are significant both academically and in practise.
Key Words: Life Insurance, Millennial Generation, Purchasing Behaviour

I. Introduction

The Life Insurance industry in Sri Lanka which has existed for over 80 years consists of 15 players. One of the significant issues that the industry is facing is the stagnant insurance penetration rate. According to figures presented by the Insurance Board of Sri Lanka (IBSL), the insurance penetration rate as a percentage of the country's population in 2016 was 13.7% (IBSL,2016). The low awareness levels and poor education on the importance of having life insurance are some of the reasons that have been cited for the low penetration rate (Jayetileke et al., 2007).
While penetration has slowed down during the past decade, the emergence of the millennial generation is considered a challenge that is further hindering the growth of the Life Insurance industry in Sri Lanka (IBSL, 2016).

1.1 Life Insurance and its impact on Millennials

According to Strauss and Howe (2000), millennials are those who are born between 1982 and 2004.The millennials are more knowledgeable and more demanding as they have been exposed to global markets through advancements in technology (Raines, 2002). The millennial generation is constantly connected through digital media and have developed a need for instant gratification which is posing many challenges to business world over (Weyland, 2011; Moore, 2012).
According to the Insurance Board of Sri Lanka (2016), the insurance industry has experienced noticeable dip in new policies sold and a stagnant insurance penetration rate during the 5 year period 2011 to 2016. It can be argued that these factors are coinciding with the fact that the Millennial is taking the purchase decision.
When considering total premium against the Gross Domestic Product (GDP), Sri Lanka is ranked among the lowest in the region at 1.15%. This is significantly lower compared to the Asian average of 5.34% (LOLC

Securities, 2017). When considering the number of Life Insurance policies sold against the total population, there is a drop from 13.8% in 2015 to 13.7% in the year 2016 (IBSL, 2016).
De Silva (2015) points out that Sri Lanka's total population over the age of 65 has surpassed most of its south Asian counterparts and predicts that this figure will rise from 9.3% to 18% by 2041. With the aging population becoming more dependent, it will be the millennial generation that will drive consumer purchasing.Identifying the requirements of the millennial and their purchasing behaviour will be paramount for the industry's continuous growth.

The aim of this study is to understand the behaviour of millennials with respect to the purchase of life insurance, for the benefit of the Life Insurance industry in Sri Lanka.

II. literature review

2.1 Introduction

Consumer behaviour in Life insurance is complex and different due to the nature of the service that is being offered. According to Mahajan (2013), consumer behaviour entails the process the customer goes through when making purchase decisions as well as the factors that influences the purchase decision.Further, authors such as McKechnie (1992), Byrne (2005) and Milner &Rosenstreich (2013) have pointed out the inadequacy and absence of a conceptual framework that focuses on buyer behaviour for financial services.

2.2 Evaluation of consumer decision making models

Several authors have contributed towards the development of the consumer decision making models such as Nicosia (1966), Engel et al. (1968) & McCarthy et al. (1997). Among the models analysed, the framework presented by Milner &Rosenstreich (2013) is presented as more suitable for the continuation of the research.The Milner &Rosenstreich model consists of three broad groupings as inputs, processes and outcomes which also make the decisionmaking process simpler and easier to understand. The inputs include the internal and external stimuli including purchase situation, consumer characteristics and information sources.The processes include need arousal, information utility, criteria development and evaluating solutions. The outcomes in the final stage could be the decision to purchase and post purchase evaluations.
The Engel-Blackwell-Miniard Model and the McCarthy model however do not stress on the inputs stage. The input stage is an important factor as it highlights the factors that arouses a need. All four models adequately stress on the processors stage and the outcome stage.For the continuation of this research study, Milner &Rosenstreich's model has been further simplified depicting three broad categories including inputs(internal and external stimuli), processes (developing criteria to evaluate options) and outcomes (purchase decision) Empirical research also reveals several external and internal stimuli that affect the purchase decision of a millennials which are also discussed under inputs to this framework. Likewise, factors that are considered when evaluating the service are discussed under the "process" category.

2.3 Empirical Research Findings

The empirical findings reveal several factors that act as inputs or as processors in the decision making framework.

2.3.1 Influence of Life Events

The purchase situation of an individual which is an internal influence, has a significant impact on the arousal of a need (Milner &Rosenstreich, 2013). In the case of a life Insurance policy certain life events such as marriage, birth of a child is considered vital inputs that influence purchase and has been heavily supported in empirical research.Hong and Rios (2004) stressed how different demographic stages affect the purchase of Life Insurance. Similarly, Milner &Rosenstreich (2013) argued that life events are significant factors that influence the purchase of Life Insurance due to social and financial implications.On the contrary authors such as Sarkodie and Yusif (2015) and Perera (2016) argued that the number of dependents had a more significant impact on the purchase decision.Inoue (2014) identified that life events were the main factor that contributed towards the interest for life insurance among millennials.Even though millennials are interested in purchasing life insurance at specific life events, Shah (2012) points out that there is a delay in certain life events in the life of the millennial such as getting married, having children which contributes to a low take up of life insurance.

2.3.2 Disposable Income

Income is categorised under consumer characteristics and is an internal influence affecting the purchase of Life Insurance. Ioncică et al (2012) found an association between factors such as income, gender and age but concluded that income had the most significant impact when purchasing a life insurance policy. On the contrary, Sahu et al (2009) argued that variables such as Consumer Loyalty, Service Quality and Company Image were key factors that impacted the purchase of Life Insurance in relation to demographic factors. However, authors such as Ulbinaitė et al (2013), Shrivastava and Singh (2017) and Perera (2016) have argued that the monetary dimension played a far more crucial role than other social and emotional factors with respect to the purchase decision of life insurance. Parsons&Maclaran (2011)state that while most demographics have an impact on the purchase decision, income has a higher influence especially in Life Insurance which is a long term financial commitment.

2.3.3 Influence of Sales Agent

Distribution is an external factor that falls under the 7p's in the marketing mix. Life Insurance has been traditionally sold through channels such as Direct channels, brokers and sales agents but other channels such as bancassurance and group assurance is now emerging (IBSL, 2016).

Inoue (2014) notes that traditional channels are failing due to the fact that most people are away from home or are extremely busy.With the rise of digital media, there has been a significant growth in online platforms for the sale of products and services (Ohbyung and Yixing, 2010; Van Den Bulte and Wuyts, 2007). In addition to online sales, Stanley (2013) in his findings concluded that Millennials preferred to buy life insurance through their work place rather than being directly approached or through a bank.

Disagreeing to the above, Scanlon (2016) argue that most people globally purchase Life Insurance via face-to-face meetings and that it is a similar trend with the Millennial generation.Similarly, Kagucia (2016) discovered that 77.6% of millennials in Kenya preferred to buy directly from the sales agent as against 12.1% who wanted to purchase from a bank. Authors such asSidhardha& Sumanth (2017) and Yu et al (2015) concluded that whilst the majority of millennials preferred to purchase life insurance through a sales agent, they were also the most likely to buy from another medium. While it is clear that millennials prefer sales agents over other channels, Agnihotri & Rapp (2012) stresses that sales agents and brokers will need to improve on their skill set, if they want to keep up with the millennial.

2.3.4 Influence of Associates

Influence of associates is considered an external input to the decision making process. The millennial is exposed to a variety of media channels that is used to obtain information. Peterson (2004) explains that present day companies are using lesser traditional advertisements as millennials tend to get most of their information over the internet. Hershatter and Epstein (2010) similarly point out that targeting the millennial has become a challenge due to the wide variety of media the new age millennial is being exposed to.

Many authors have discussed how millennials look at their peers and associates before making a purchase. Godes et al. (2005) argues that in the recent past, review sites have become extremely powerful in influencing the consumer decision. Supporting this fact, Barbagallo (2003) identified that the millennial generation is exposed to consumer driven marketing which relates to actions such as internet reviews, word of mouth recommendations from family or friends. Moss et al. (2006) notes that the millennial does not trust commercial information anymore. In contrast, information that is communicated by actual consumers have far higher credibility.

While previous generations were more concerned about the perception of the company, the Millennial generation looks to their peers and family and friends before making a purchase (Yu et al., 2015). This thought process has been fuelled with the overindulgence of social media by the present day millennial generation

2.3.5 Instant Gratification

Muthur (2013) believes that the millennial has adopted a need for instant gratification due to the advancements in technology. This is further enhanced as the millennial is referred to as being lazy compared to its previous generations (Stanley, 2013).

McIsaac (2014) explains that while the Millennial generation is now used to instant gratification, their expectations are similar even for complex products such as Life and Health insurance. Similarly, Smith (2011) argues that once a millennial has identified the need of buying life insurance and evaluated all options, the millennial would want to purchase it instantly. While Insurers may argue that elements such as data analysis, underwriting a policy may take a significantly long period, this is irrelevant for the millennial consumer who is looking for speed and ease of purchasing.

Many authors have argued that millennials are impatient, short term thinkers compared to previous generations (Hill, 2008; Howe &Stauss, 2007; Jacobson, 2007).In support of this view, Scanlon (2016) identified that when considering the coverage for life insurance, the millennials felt that two to four years of income replacement was sufficient compared to the older age groups that felt that a minimum of ten or more years of income replacement was necessary.

2.3.6 Perception of living benefits

Ryan (2014) argues that unlike generation X and the Baby Boomers, the millennial generation is very demanding as they have a global outlook. They expect similar products, services and standards that are being offered all around the world. Citing similar thoughts, Petra (2012) in his research findings presented that the range of insurance or the different range of benefits was considered more important in influencing consumer'schoice of purchasing insurance.

Shah (2012) argues that generation X and baby boomers had simple product requirements unlike the millennial. He states that at a stage where terrorism and world wars were prominent, life expectancy at low levels and high infant mortality rates, people were more cautious and took steps to protect one's family. However, with higher life expectancy, lesser number of dependents and better living conditions, the millennial does not find a basic death benefit attractive. Along with the increase of life expectancy, one must also expect the increase in medical expenses. However, with higher life expectancy and better living conditions, the millennial does not find a basic death benefit attractive. In fact, studies revealed that millennials prefer to travel, purchase a phone or engage in a fine dining experience rather than purchase life insurance (Vertafore Survey, 2017).

2.3.7 Critical Review of literature

The following table summarises the findings from theories and empirical literature in arriving at the variables that will be considered in this research.

Table 1: Critical review of literature

Theories	Empirical Findings
Inputs Consists of the internal and external stimuli that arouses a need. The Milner &Rosenstreich Model and the Nicosia Model discusses several inputs such as the Purchase situation, consumer characteristics and frim attributes.	**Influence of Life events** Hong and Rios (2004), Inoue (2014) and Shah (2012)
	Disposable Income Ioncică et al (2012), Ulbinaitė et al (2013), Perera (2016), Shrivastava, Singh (2017) and Parsons&Maclaran (2011)
	Influence of Sales agents IBSL (2016), Kagucia (2016),Yu et al (2015), Sidhardha& Sumanth (2017) and Scanlon (2016)
	Influence of Associates Moss et al (2006), King & Hill (1997), Barbagallo (2003) and Yu et al (2015)
Processors Consists of the thought process prior to making the purchase The Milner &Rosenstreichmodel, the Nicosia Model , the Engel-Blackwell-Miniard Model & the McCarthy Model have all discussed processors such as criteria development and evaluation of alternatives.	**Instant Gratification** Muthur (2013), Shah (2012), McIsaac (2014), Smith (2011), Parsons &Maclaran, (2011) and Scanlon (2016)
	Perception of Living benefits Shah (2012), Petra (2012), Vertafore Survey (2017)

III. Research Methodology

3.1 Conceptual Framework and Proposed Hypothesis

A preliminary review of theories related to consumer behaviour and empirical findings has enabled the researcher to construct the below conceptual framework. The literature review carried out enforces the relationship between the said variables.

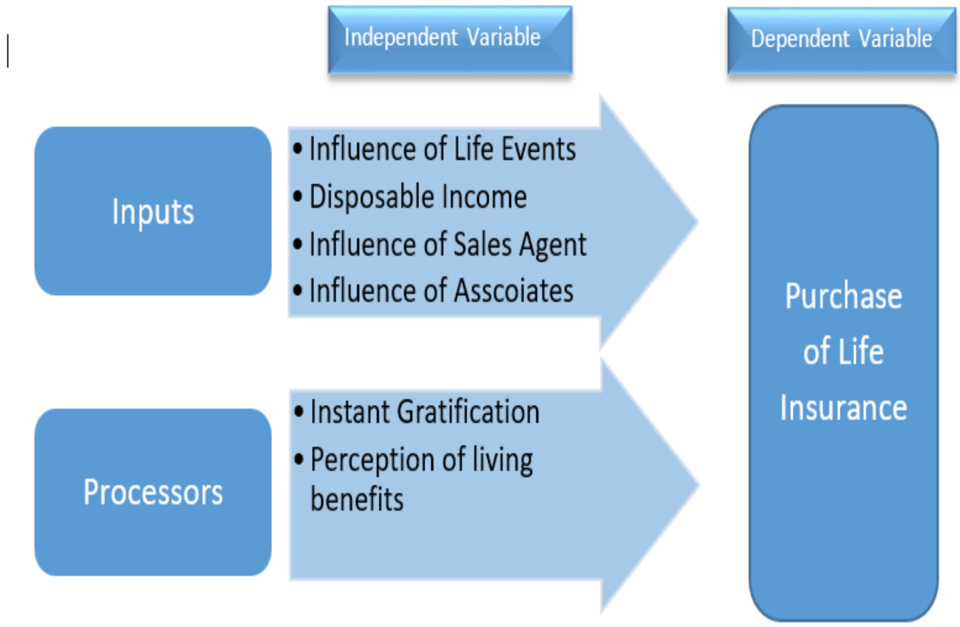

Figure 1: Conceptual Framework

The following hypothesis were developed based on the conceptual framework
H1 – The influence of Life Events has an impact on purchase of Life Insuranceby millennials.
H2 – Disposable Income has an impact on purchase of Life Insurance by millennials.
H3 – Influence of Associates has an impact on purchase of Life Insuranceby millennials.
H4 – Influence of sales agent has an impact on purchase of Life Insuranceby millennials.
H5 – The requirement for instant gratification has an impact on purchase of Life Insuranceby millennials.
H6 – The perception of living benefits has an impact on purchase of Life Insuranceby millennials.

3.2 Research Design

In this study the researchers have attempted to test the hypothesis formulated using data collected based on a large sample where the data is analysed applying statistical methods. Hence as per Saunders et al. (2009) a positivism philosophy has been adopted with a deductive approach following a survey research strategy for this quantitative study.
The target audience for the research study were millennials above ages 18 who lived in the western province of Sri Lanka. The researchers used convenience sampling to gather information from respondents.The sample size of 384 was calculated at 95% level of confidence, for an estimated population of 1,357,462 millennials living in the western province of Sri Lanka. Data was gathered through a well-structured questionnaire wherefive point Likert scale (1= strongly disagree and 5 = strongly agree) was used to obtain data relevant to the research study. Statistical Package for Social Sciences (SPSS) software was used to analyse the data.

IV. Data Analysis

The respondents were initially analysed based on demographic variables. The quantitative data was tested for reliability and validity.The mean values of each variable were computed and the hypothesis were tested.The demographic factors of the respondents are presented in table 2.

4.1 Analysis of Demographic Factors

Table2: Analysis of demographic factors

Variable	**Characteristics**	**%**
Age	18 -25 years 26 -30 years 31 -34 years	9.09% 66.67% 24.24%
Income	Below Rs.30,000 Rs 30,000 - 45,000 Rs. 45,000 -60,000 Rs. 60,000 – 100,000 Rs.100,000 – 200,000 Rs. 200,000 and above	7.1% 9.1% 8.1% 22.2% 37.4% 16.2%
Highest educational level	Advanced Level Diploma Professional Undergraduate Graduate Post Graduate	6.1% 1% 18.2% 4% 36.4% 34.3%
Dependency	Zero dependency 1-3 3 & above	60.6% 0% 39.4%
Marital Status	Single Married Divorced	42.4% 56.6% 1%
Occupation	Student Unemployed Self Employed Full time employed Part time employed	3% 3.1% 10.1% 80.8% 3%
Purchase of life insurance	Having a policy Undecided to purchase Willing to purchase Do not wish to purchase	43.4% 20.8% 23.9% 11.8%
Top of Mind Recall	Celinco Life Sri Lanka Insurance AIA Union Assurance Softlogic Life Other	57.58% 14.14% 8.08% 7.07% 10.10% 3.03%

The demographic analysis shows that the sample consists of a good cross section of the population representing many categories under each variable concerned.

4.2 Factor Analysis

The variables were abbreviated as shown in Table 3 and each question representing the variables were numbered. For example LB-1 to LB -5 indicating questions under Living Benefits.

Table 3: Codes of variables.

Code	Variable
LE	Influence of life events
DI	Disposable income
ISA	Influence of sales agents
IA	Influence of associates
IG	Instant gratification
LB	Living benefits

The outcome of the analysis resulted through factor loading is depicted through the 'Rotated Component Matrix' is given below in table 4.

Table 4: Rotated component matrix

Rotated Component Matrix[a]

	Component					
	1	2	3	4	5	6
LE-4	.781					
LE-2	.759					
LE-1	.687					
DI-1		.874				
DI-3		.751				
DI-5		.742				
DI-4		.733				
DI-2		.705				
ISA-4			.895			
ISA-3			.827			
ISA-5			.757			
ISA-1			.746			
ISA-2			.745			
IA-1				.897		
IA-2				.891		
IA-5				.795		
IA-3				.775		
IA-4				.724		
IG-1					.812	
IG-2					.776	
IG-3					.756	
IG-5					.743	
IG-4					.615	
LB-1						.797
LB-3						.749
LB-2						.731
LB-4						.725
LB-5						.712

Question numbers LE -3 and LE-5 were removed from the analysis due to their insignificant factor loadings. The table 4 shows that the questions were clearly grouped into separate factors(variables) thereby indicating a successful factorability.

4.3 Validity and Reliability Analysis

The content validity of the data was ensured by developing questions that cover all relevant dimensions of the variables. The convergent validity,discriminant validity and the reliability were tested with SPSS statistical software.

Themeasures of Kaiser-Meyer-Olkin Measure (KMO) of Sampling Adequacy, Bartlett's Test of Sphericity andAverage Variance Extracted (AVEwere applied to measure convergent validity of data. The strength of the inter-item correlationis determined by Bartlett's Test of Sphericity. Average Variance Extracted is a measure of the shared or common variance in a variable. The discriminant validity measures whether the constructs that are not expected to be related are actually not related.

The AVE value of a construct needs to be above 0.50for it to be valid in the research study.KMO values greater than 0.50 are considered satisfactory. Further, the significance of Bartlett's Test of Sphericity is acceptable if the p-value is less than .05. The discriminant validity is satisfied if each construct has AVE greater than the square of the correlations it has with other constructs (Hair et al, 2011).

Cronbach's alpha is the most common measure of internal consistency or reliability. Acceptable cut off value of alpha in reliability analysis is 0.70 in the case of reliability tests(Sekaran & Bougie, 2016).

The convergent validity and the reliability test results for the study are shown in table 5. The results indicate that the study meets the minimum threshold limits, satisfying the decision criteria.

Table 5: Test results of Convergent validity and reliability

Variable	**Tests for Convergent validity**			**Test for reliability**
	KMO	**P-value of Bartlett's Test of Sphericity**	**Average Variance extracted**	**Chronbach's Alpha**
Threshold Value	**> 0.5**	**Sig:< 0.05**	**> 0.5**	**> 0.7**
Independent Variable				
Influence of life events	.668	.000	0.552	.781
Disposable income	.703	.000	0.582	.839
Influence of sales agent	.717	.000	0.633	.815
Influence of associates	.787	.000	0.671	.873
Instant gratification	.699	.000	0.552	.731
Perception of Living Benefits	.690	.000	0.552	.771
Dependent Variable				
Purchase of Life Insurance	.749	.000	0.601	0.792

The results provided in table 5 indicate that all measures for convergent validity and reliability meet the minimum criteria required.

The test result of the discriminant validity analysis is shown below in table 6.

Table 6: Results of Discriminant Validity

		Life_Events	Disposable_Income	Sales_Agent	Influence_Associates	Instant_Gratification	Living_Benefits
Life_Events		AVE=0.522					
Disposable_Income	Pearson Correlation	.637**					
	Squared Correlation	.405	AVE=0.582				
Sales_Agent	Pearson Correlation	.417**	.379**				
	Squared Correlation	.173	.143	AVE=0.633			
Influence_Associates	Pearson Correlation	.642**	.683**	.474**			
	Squared Correlation	.412	.466	.224	AVE=0.671		
Instant_Gratification	Pearson Correlation	-.338**	-.374**	-.365**	-.485**		
	Squared Correlation	.114	.139	.133	.235	AVE=0.552	
Living_Benefits	Pearson Correlation	.499**	.569**	.321**	.649**	-.301**	
	Squared Correlation	.249	.323	.103	.421	.090	AVE=0.552

**. Correlation is significant at the 0.01 level (2-tailed).

As indicated in table 6, the squared value of the correlation coefficient each variable owns with other variables is lower than the Average Variance Extracted (AVE) of each dimension. Therefore, the fulfilment criteria for discriminant validity is satisfied.

4.4 Descriptive analysis of variables

The descriptive statistics of each variable were computed based on the data collected through questions on a Likert Scale of 1-5 where 1 = Strongly disagree and 5= Strongly agree. Thereby, a higher value indicates a stronger agreement with respect to the perception about each factor. The table 7 presents the mean values of each variable in the study.

Table 7: Descriptive Statistics

	Life Events	Dispos-able Income	Influence of Sales Agents	Influence of sales agents	Instant Gratifi-cation	Living Benefits	Purchase Decision
Mean	3.25	3.27	3.48	3.61	3.56	3.74	3.34
Median	3.40	3.34	3.80	3.80	3.60	3.80	3.33
Mode	3.40	3.40	4.00	4.00	3.60	4.00	3.00
Std. Deviation	.849	.670	.970	.748	.721	.764	.774
Skewness	-.614	-.450	-.824	-1.121	-.350	-.758	-.194
Range	4.00	3.60	4.00	3.90	3.70	3.66	4.00
Minimum	1.00	1.40	1.00	1.10	1.30	1.34	1.00
Maximum	5.00	5.00	5.00	5.00	5.00	5.00	5.00

The descriptive statistics reveal that influence of sales agents, instant gratification and perception about living benefits have relatively high mean values. The negative skewness with all variables indicate that the responses are mostly on the higher side and only few responses are on the lower side. Purchase decision is close to neutral level.

4. 5 Test of hypothesis

A combination of Pearson's correlation test and Regression Analysis were conducted to test the hypothesis.

Table 8: Results of Hypotheses testing

Hypothesis	**Variable**	**Pearson Correlation**		**Regression analysis**		**Results**
		Pearson CorrelationC oefficient	**Significance**	**R^2**	**Significa nce**	
H1	Life Events	0.694	.000	0.48	.000	Supported
H2	Disposable Income	0.791	.000	0.62	.000	Supported
H3	Influence of Sales Agents	0.492	.000	0.24	.000	Supported
H4	Influence of Associates	0.788	.000	0.62	.000	Supported
H5	Instant Gratification	-0.796	.000	-0.63	.000	Supported
H6	Living Benefits	-0.739	.000	-0.75	.000	Supported

The results of the hypothesis test indicate that all explanatory variables considered in the study have a significant impact on the purchase of life insurance among millennials.

4.6 Multiple regression analysis

A multiple regression analysis was performed to develop a model to predict the purchasing behaviour of life insurance based on the predictor variables considered. The table9and 10 show the SPSS outputs of the final regression analysis where five out of the initially considered variables were found to be significant in the model.

Table 9: Model Summary of Multiple Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.926[a]	.857	.849	.30051

a. Predictors: (Constant), Living_Benefits, Life_Events, Disposable_Income, Influence_Associates, Instant_Gratification

The model summary indicates that the R square (85.7%) and the adjusted R square (84.9%) are both very high and thereby indicating that predictor variables to be acceptable.

Table 10: Regression coefficients

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.591	.173		3.407	.001
Life_Events	.159	.050	.174	3.174	.002
Disposable_Income	.228	.074	.198	3.103	.003
Influence_Associates	.101	.071	.098	1.425	.000
Instant_Gratification	-.431	.075	-.402	-5.787	.000
Living_Benefits	-.217	.055	-.215	-3.919	.000

a. Dependent Variable: Purchase_Of_Life_Insurance

The multiple regression equation can be given as:
Purchase of Life Insurance =0.591+0.159 [Life events] +0.228[Disposable income] +0.101[Influence of associates] + (-0.431) [Instant gratification] +(-0.217) [Living benefits]

The significant negative correlations the purchase decision of life insurance has with the instant gratification and living benefits is noteworthy. The instant gratification was measured through indicators such as preference for products with short production time and products that yield benefits in short term. The living benefits were measured through indicators such as importance placed on life insurance reward schemes, the preference towards other products and services than life insurance and the perception towards life insurance as an investment. The negative correlations indicate life insurance is not perceived to provide instant gratification expected living benefits therefore has not been attractive to millennials.

V. Discussion of findings

The findings of this research study was based on the responses given by 389 millennials living in the western province of Sri Lanka. The demographic profiling of the sample group revealed that the majority of the respondents were aged between 26 to 30 years. While the majority of the respondents were married, 60.6% of the overall sample base claimed that they did not have any dependents. Further probing revealed that most respondents who had already purchased life insurance had one or more dependents. Among those who had not purchased life insurance, the majority did not have any dependents.

The crux of the study, where the six hypotheses were analysed, revealed that all six independent variables had a significant relationship with the dependent variable. Among the independent variables, the influence of sales agents had the lowest correlation, whereas disposable income and influence of associates had the highest correlation. The positive correlation between influence of associates and the purchase of life insurance further indicates the connectivity of the modern world and the trust millennials place among friends, peers and family.
Instant gratification and perception of living benefits which are elements of the process stage in the decision making framework had strong yet negative relationships with the purchase of life insurance. The nature and length of life insurance plans, the lengthy purchase periods have all resulted in creating a perception about life insurance that results in it being unattractive for the millennial who requires instant gratification. Moreover, most millennials believe that a life insurance plan includes no living benefits and therefore is deemed unnecessary. The common perception is that a life insurance plan pays only at the death of an individual. In such cases the millennial who is in search of living benefits would opt for other products and services instead of life insurance.

VI. Conclusion

With less than 14% of the country's population insured the life insurance industry in Sri Lanka has seen an influx of local and foreign insurance companies who have entered the market. While the growth rates of the industry have been hardly encouraging the emergence of the millennial is seen as a challenge that has to be overcome.

This research paper attempted to provide solutions to the above problem by identifying the factors that would entice young millennials in to buying life insurance. The insights that were derived through the research study has created knowledge in a subject where there was minimal information available with respect to Sri Lankan context. The researcher was able to provide practical recommendations for the industry to implement in order to appeal to the millennial generation based on the findings.

VII. Implications and Recommendations

Implications and recommendations based on the research study findings are listed down below. It is expected that the implementation of the recommendations will enable the industry to further increase life insurance penetration among the millennial generation.

The positive relationship between influence of associates and the purchase of life insurance further confirms that millennials do not find mainstream media or the message appealing. This line of thought has been confirmed by several authors and has been reconfirmed in the research study. Ignoring the powerful impact of associates which is fuelled through the internet would result in companies missing out.It is recommended that the industry develop strategies that increase word of mouth, increase positive reviews and user experiences as it will be more effective in enticing users to purchase life insurance rather than mere creative marketing communication campaigns.

While instant gratification is a need for the millennial generation, the life insurance industry will have to relook at some of its processors in order to be more appealing. Currently the duration to issue a policy may differ from 3 days to several weeks. In terms of claim settlement, there are situations where a claim may take three days to up to a month. Other aspects that significantly slow down the purchase of life insurance is underwriting, medical screenings and delays in filling up documentation. It is recommended that the industry re-looks at some of these processors and implement changes to reduce the delays. Developing shorter application forms with minimal medical questions, instant online underwriting, conversion from medical underwriting to underwriting on health habits, faster claim processing and settlement are some of the methods that need to be explored. McIsaac (2014) recommended enabling policyholders to increase their cover during significant events such as having a child without additional underwriting. The industry needs to continuously innovate to introduce new processes that will be appealing to millennials.

Offering of living benefits will be crucial in all life insurance plans. Traditionally life insurance plans offer benefits at the maturity of the policy and at death. However, the millennial who is looking for living benefits will need to feel that he/she is benefiting constantly in order for the policy to be continued. If the industry does not react to this change, existing life insurance products will soon be irrelevant and will be deemed unnecessary.It is recommended that the industry looks at introducing new products that offer living benefits such as hospital reimbursement, payments for critical illness and terminal illness. Collaboration with other services and products will also be key to ensure living benefits are offered to consumers. Partnered offerings such as life insurance with bank products, life insurance with vehicle purchases are a few examples.

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