

PREFERENCES FOR ATTRIBUTES OF LIFE INSURANCE: A CONJOINT MEASUREMENT APPROACH (LOCUS)

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This study examined two questions. The first asked how university students ranked four attributes of life insurance. These attributes were price, price information, estate creation, and rate of return. The second question asked if the way students viewed their control over their lives affected how they ranked these attributes.

The first question was intended to evaluate the relative value placed upon the attributes selected, at various levels. This came about from the idea that life insurance has value beyond that of the expected returns. It was reasoned that if the product has value, that value must be the sum of values assigned its components or attributes. Value was equated with preference, and a technique for measuring preference, conjoint measurement, was selected for data analysis.

The second question was predicated upon two factors. First, it seemed intuitively correct that individuals who thought they controlled their own lives would have different preferences for life insurance attributes than individuals who thought luck or chance controlled their lives. Second, previous research by Berekson and Grossbart 1974 had found locus of control to influence the amount of life insurance purchased.

While considering attributes of life insurance the students sampled within this research:

- (1) Indicated no difference in preferences for life insurance attributes by locus of control.
- (2) Indicated a preference for immediate estate creation over deferred estate creation.
- (3) Indicated a

preference for higher rates of return over lower rates of return within a policy, up to a point, then preferred lower rates of return over higher rates. (4) Indicated a preference for lower policy prices over higher policy prices, but seemed indifferent to price over a broad middle range. (5) Indicated a preference for more information over less regarding the price of a policy, but not consistently so. Also: (6) No optimal combination of preferred life insurance attributes could be adequately determined.