

FACTORS INFLUENCING THE LIFE INSURANCE DEMAND IN INDIA

ABSTRACT

Life insurance market had experienced a rapid growth over the last decade in India, indicating the increased importance of this sector as a financial intermediary. However, the factors that drive life insurance demand still remain unclear. The main purpose of the study is to identify and investigate the impact of the determinants of life insurance demand in India. Using time series analysis over the period 1985 to 2013, we find that higher life expectancy at birth, income level, young dependency ratio, urban growth rate and adult literacy rate result in higher level of life insurance consumption, while inflation, old dependency ratio and real interest rate reduce the demand for life insurance in India.