

# Life Insurance for Wealth Creation of Individual Investors – An Exploratory Study in Bengaluru

**Ms. Nalini Kantha C**

Research Scholar (Ph.D.),  
ISBR Research Centre, University of Mysore, Bangalore, KA, India  
ORCID ID: <https://orcid.org/0009-0002-3592-6447>  
E-mail: [nalinichukka1989@gmail.com](mailto:nalinichukka1989@gmail.com)

**Dr. M R Jhansi Rani**

Professor, Dy. Director, Research  
ISBR Business School, Bangalore, KA, India  
E-mail: [dr.mr.jhansirani@gmail.com](mailto:dr.mr.jhansirani@gmail.com)  
ORCID ID: 0000-0003-4601-1306


**Article Type:** Research Article

**Article Citation:** Ms. Nalini Kantha C and Dr. M R Jhansi Rani, Life Insurance for Wealth Creation of Individual Investors – An Exploratory Study in Bengaluru. 2024; 9(01), 61-79. DOI: 10.52184/isbrmj.v9i01.000

**Received date:** February 12, 2024

**Accepted date:** May 30, 2024

**\*Author for correspondence:**

Ms. Nalini Kantha C   
[nalinikanthachukka@gmail.com](mailto:nalinikanthachukka@gmail.com)   
Research Scholar (Ph.D.), ISBR Research  
Centre, University of Mysore, Bangalore,  
KA, India, ORCID ID: <https://orcid.org/0009-0002-3592-6447>

## Abstract

Life insurance is growing in recognition as an investment instrument, but awareness of its wealth-creation benefits remains limited. This exploratory study investigates individual investors' perceptions and behaviors regarding the use of life insurance for wealth creation in Bangalore through a survey of 385 respondents. Data analysis using ANOVA and SEM revealed prevalent recognition of life insurance's capacity to promote tax-efficient accumulation, systematic savings, and estate planning across gender, age, education, income, and occupation groups. Unit-linked insurance plans (ULIPs) were widely viewed as effective investment vehicles suited for financial growth objectives across investor segments. While online insurance elicited neutral satisfaction, enhanced product features, financial education, and managing expectations could potentially improve adoption among digital natives. The findings offer actionable insights for insurers, advisors, and policymakers to boost life insurance uptake for wealth goals through targeted product development, communication strategies, and distribution models tailored for specific demographic and psychographic segments.

**Keywords:** Life insurance, Wealth Creation, Investment Instrument, Unit Linked Insurance Plans (ULIPs), Financial Growth

## 1. Introduction

The landscape of financial planning and wealth creation has undergone significant transformations, with individual investors continually seeking diversified avenues to secure and enhance their financial future. Among the myriad of investment options, life insurance emerges not merely as a tool for risk mitigation but as a strategic vehicle for wealth creation. This study explores the multifaceted role of life insurance in the economic lives of individual investors in Bangalore City, with a focus on its capacity to serve as a savings instrument, a form of financial leverage, and a vehicle for wealth creation through Unit Linked Insurance Plans (ULIPs) and recent online plans.

The importance of life insurance in an individual's financial portfolio cannot be overstated. Traditionally perceived as a safety net for dependents in the event of the policyholder's untimely demise, life insurance has evolved to offer significant savings and investment opportunities (Black & Skipper, 2000). In the context of Bangalore City, a burgeoning economic hub with a diverse demographic profile, this evolution presents a unique opportunity to assess the adaptability and effectiveness of life insurance as a wealth-creation tool.

Research on the role of life insurance in savings and investment strategies highlights its dual function: providing financial security while fostering capital accumulation (Bernheim, Forni, Gokhale, & Kotlikoff, 2003). This thesis aims to dissect these roles, particularly focusing on how individual investors in Bangalore leverage life insurance in their broader financial planning endeavors. Moreover, the concept of financial leverage through life insurance, particularly through instruments like ULIPs, represents a critical area of exploration. ULIPs, which blend the protective cover of insurance with the growth potential of market-linked investments, offer a compelling case for wealth creation (Harrington & Niehaus, 2003). The adaptability of ULIPs to the risk tolerance and financial goals of individual investors in Bangalore offers a rich vein for academic inquiry, given the city's dynamic economic landscape and the burgeoning awareness of sophisticated investment strategies among its residents. Through a meticulous examination of savings and investment behaviors, the value of financial leverage, and the impact of technological advancements on life insurance offerings, this research will offer valuable insights into the evolving role of life insurance in personal financial management.

## 2. Background of the Study

Life insurance plays a vital yet underutilized role in wealth creation for individual investors in Bangalore. Many lack awareness of how life insurance facilitates wealth building alongside traditional investments. Given Bangalore's rising economic prominence, examining the perspectives of investors here provides valuable localized insights. This research aims to address the knowledge gap regarding leveraging life insurance for wealth creation in order to empower Bangalore residents to make informed financial decisions aligned with their goals.

## 2.1. Indian Insurance Market Overview

India's insurance industry has grown rapidly due to economic liberalization. Insurance penetration rates have risen to 3.76% in 2021 from 2.71% in 2001. Life insurance accounts for a major portion of the insurance market, indicating strong demand. The entry of private and foreign players has increased competition, driving product and service innovation. Regulatory oversight by the IRDAI has also increased to promote transparency and policyholder rights. However, India still lags other Asian countries in insurance penetration rates, presenting major growth opportunities given the country's large population and market potential.

This research aims to explore investor attitudes and decisions about utilizing life insurance as a wealth management instrument. The background of the study focuses on several critical aspects: the underutilization of life insurance as a tool for wealth creation, the evolving financial landscape, and the unique socioeconomic context of Bangalore. It highlights the lack of awareness among individuals about the potential of life insurance in wealth accumulation and the importance of understanding the role of life insurance in diversifying investment strategies and enhancing financial security. The study aims to bridge the knowledge gap, providing insights into how life insurance can be effectively utilized for long-term wealth creation, particularly in Bangalore

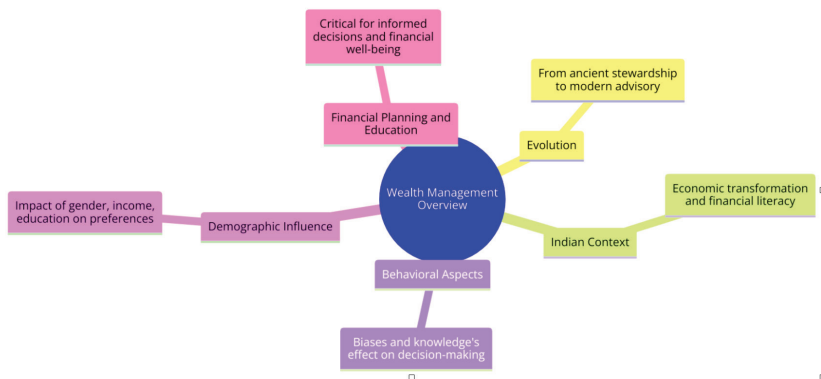
## 3. Literature Review

"Making money" can be destroying wealth while creating wealth can be losing money.

Wealth creation is often misinterpreted with investing. Investing can be the first step, but wealth creation is rather a big concept to implement. When we talk about wealth creation, a lot of popular words are spoken such as patience/staying invested, time horizon, taxation, compounding, volatility, advice, etc. (Nalini & Rani, 2023).

Here I would discuss a few of them, as getting the basics correct resolves most of the problems. One cannot create wealth by just earning more money. You have to invest savings to create a parallel stream of income. This process of investing saved money to grow wealth by choosing investments that align with financial goals is called wealth creation (M. HoranStephen, n.d.).

**FIGURE 1.** Key dimensions of wealth management: evolution, Indian perspective, and behavioural insights. <AQ2>



### 3.1. Wealth Management and Its Evolution

The literature review begins with a historical perspective on wealth management, tracing its evolution from ancient stewardship to modern financial advisory services. It emphasizes the critical role wealth management plays in today’s rapidly changing economic landscape, especially in the context of India’s economic transformation. The literature suggests that effective wealth management is essential for achieving financial well-being and highlights various strategies and tools for wealth creation, including investing, compounding, and financial planning (Das et al., 2018; Brunel, 2011).

### 3.2. Concepts and Methods of Wealth Creation

The discussion further delves into the broader concept of wealth creation, distinguishing it from mere investing. It stresses the importance of financial literacy, early investment, and the utilization of financial products for long-term growth (Horan, Stephen, n.d.; Harold Evensky et al., n.d.). Researchers explore wealth creation from multiple angles, including the creation of financial, social, intellectual, and environmental capital, and emphasize the importance of a multidimensional approach (Reichenstein et al., 2012).

### 3.3. Wealth Management in Indian Context

Significant attention is given to studies on wealth management practices among Indian households. Early research by Krishna (1980) sheds light on rural household savings and capital formation in India, highlighting the growth of tangible net wealth and changing savings and investment propensities over time. Subsequent studies, such as those by Subramanian and Jayaraj (2016) and K. S. Kumar et al. (n.d.), focus on the relationship between savings, investment, and economic growth, underscoring the importance of financial literacy and education in enhancing financial decision-making among Indians.

### 3.4. Demographic Influence on Wealth Management

Research also explores the impact of demographic characteristics on wealth management and financial satisfaction. For instance, Singhvi et al. (2023a) and Reddy & Mahapatra (2017) investigate how factors such as gender, income, and education level influence risk tolerance and investment preferences, particularly among women. These studies contribute to a nuanced understanding of wealth management preferences across different socio-economic groups in India.

### 3.5. Financial Planning and Education

The role of financial planning and education in wealth creation is highlighted, with studies advocating for the promotion of financial literacy to address demographic, market-driven, and technological challenges (Panpaliya et al., 2020; Kalra Sahi, 2013). These contributions suggest that comprehensive financial education can empower individuals to make informed investment decisions, thereby enhancing their financial well-being.

## 4. Research Gaps

**TABLE 1.** Research gaps. <AQ2>

Area	Current State of Literature	Research Gap	Potential Contributions
<b>Empirical Evidence</b>	Limited studies applying TPB to financial decision-making in wealth creation	Lack of specific research on life insurance as a wealth creation tool in Bangalore	Provide empirical evidence on attitudes, subjective norms, and perceived behavioral control related to life insurance
<b>Contextual Insights</b>	General application of TPB across various domains without focusing on geographical nuances	Insufficient understanding of how Bangalore's unique context affects life insurance perception for wealth creation	Offer insights into contextual influences on investor perceptions and intentions in Bangalore
<b>Practical Implications</b>	Broad strategies not tailored to specific investor populations	A gap in targeted strategies for promoting life insurance as a wealth creation tool in Bangalore	Guide the development of targeted marketing, product design, and educational initiatives
<b>Theoretical Advancement</b>	Application of TPB in diverse settings without deep dive into life insurance for wealth creation	Limited exploration of TPB's applicability and effectiveness in the context of life insurance in Bangalore	Enhance the theoretical framework of TPB, providing insights for refinement and adaptation

This table highlights the existing research focus, identifies the gaps, and outlines the potential contributions of studying the perception of life insurance as a wealth creation tool among individual investors in Bangalore through the lens of the TPB. This approach not only addresses the research gap but also sets the stage for significant practical and theoretical advancements.

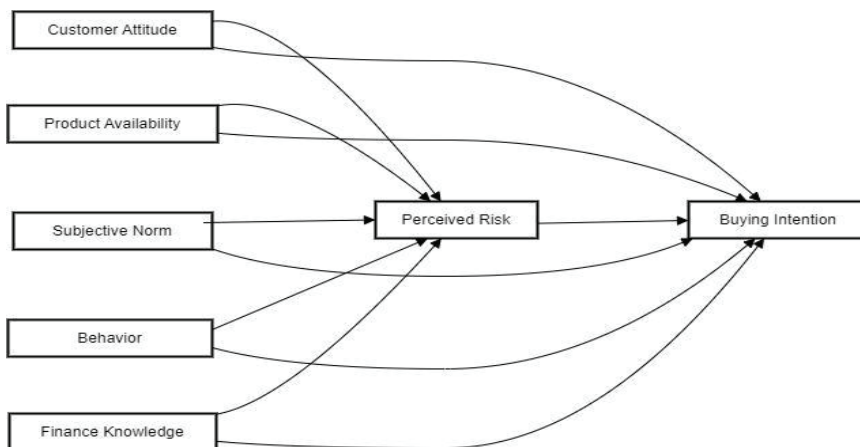
## 5. Research Methodology

### 5.1. Conceptual Model

The study employs a conceptual model based on the Theory of Planned Behavior (TPB) to examine factors influencing individual investors’ intentions to utilize life insurance for wealth creation. The TPB posits that attitudes, subjective norms, and perceived behavioral control shape individuals’ behavioral intentions, which in turn predict future actions (Ajzen, 1991). Specifically, this research adapts the TPB framework to investigate how attitudes towards life insurance, social pressures, and perceived accessibility of life insurance products affect investors’ purchase intentions and wealth management behaviors using life insurance.

The conceptual model incorporates additional predictors identified in prior wealth management research, including financial knowledge and risk perceptions. By applying this conceptual framework, the study aims to analyze life insurance’s role in wealth creation and identify key determinants influencing investors to actively leverage life insurance to build assets. Assessment of model constructs was conducted using established scales tailored to the context of retail investment. Structural equation modeling facilitated the analysis of relationships between investor perceptions, intentions, and behaviors regarding life insurance for wealth development.

**FIGURE 2.** The scale for assessing the factors’ relationship.



**Risk Perception:** The questions measure respondents’ understanding of the risks associated with using life insurance for wealth creation, including market volatility, policy

constraints, and potential losses. They also assess respondents’ confidence in making informed decisions about leveraging life insurance to grow wealth.

**Life Insurance for Wealth Management:** This section indicates whether respondents believe life insurance helps achieve long-term financial goals, is a reliable investment for wealth creation/preservation, and can secure their families’ financial future. It shows whether life insurance aligns with their capital growth objectives.

**Accessible Products:** This paragraph discusses how the availability and diversity of life insurance products impacts respondents’ willingness to utilize life insurance for wealth accumulation. Widespread accessibility across internet platforms, brokers, and banks increases interest in life insurance’s wealth-building potential. Customized offerings also boost enthusiasm for leveraging life insurance to manage money.

**Purchase Intentions:** This shows respondents’ dedication to acquiring life insurance for long-term financial planning, asset building, wealth creation, and asset preservation. It demonstrates a commitment to utilize life insurance as a tool to accomplish financial goals and safeguard assets.

**Subjective Norms:** This describes how family, friends, financial experts, and social contacts influence respondents’ perspectives on life insurance’s efficacy as a wealth-building tool. It indicates that social pressures and advice shape attitudes towards leveraging life insurance for money management. C.B.K. Prasad V, Rani MR (2021)

**Past Behavior:** This shows how actively respondents previously researched, obtained quotes for, and purchased life insurance to enhance financial management plans per evolving goals. It demonstrates a proactive, committed approach to utilizing life insurance for wealth creation.

**Financial Knowledge:** This summarizes respondents’ personal finance, investing, and insurance knowledge. It indicates an ability to accurately compare life insurance options and leverage products optimally to build wealth. Ongoing learning about financial trends/ events that could impact decisions is also highlighted.

**TABLE 2.** Target population and sampling technique.

<b>Criteria</b>	<b>Description</b>
Justification for Target Population	The selection of Bangalore’s residents is based on the study’s methodological approach and specific objectives to explore how life insurance contributes to wealth building among individual investors, focusing on savings, investments, and the effectiveness of Unit Linked Insurance Plans (ULIPs). Bangalore, with a population of 12.34 million as of 2021, represents a diverse and dynamic consumer market.
Economic Diversity and Consumer Behavior	Bangalore’s economic diversity and status as a tech hub contribute to varied financial literacy, investment behaviors, and risk perceptions. Its rapid economic growth affects residents’ lifestyles, disposable incomes, and investment choices, offering a rich context for studying wealth creation strategies.

Access to Life Insurance Products	The well-developed financial services sector in Bangalore ensures availability of a variety of life insurance products. This allows the study to explore consumer uptake and the factors influencing their choices, including product awareness, financial literacy, and perceived utility in wealth building.
Ethical Considerations	Prior to data collection, informed consent was obtained from each participant, respecting their autonomy and adhering to ethical standards for research involving human subjects. This ensures participants are fully informed about the study's purpose and confidentiality of responses.
Qualitative Insights	Structured interviews with individual investors in Bangalore provide in-depth qualitative data on life insurance purchases, policy types chosen, investment methods, and perceived impact on wealth creation. These insights help understand the interplay between financial behavior, risk perception, and investment decisions.

**Table 3.** Sample size determination.

Aspect	Details
Justification for Sample Size	The chosen sample size of 385 respondents aims for a necessary level of accuracy and confidence in examining consumer purchasing patterns for life insurance in Bangalore, with its population anticipated to be 12.34 million as of 2021. This size is determined by statistical principles to ensure representativeness of the broader population.
Pilot Study	A pilot study involving 50 participants was conducted to test data collection methods, refine research objectives, and identify potential issues, validating the research design and ensuring reliability for the main study.
Statistical Basis for Sample Size	The sample size of 385 is derived from statistical formulas that consider the required confidence level and margin of error to accurately reflect the population's behaviors and attitudes towards life insurance, ensuring reliable insights while being manageable for data collection and analysis.
Ethical Considerations	The approach respects research ethics principles of beneficence, justice, and respect for persons by choosing a statistically justified sample size, minimizing risks of inaccurate conclusions, ensuring efficient resource use, and respecting participant contributions. Ethical considerations also include participant consent and research objective clarity in the pilot study.

## 5.2. Data Sources

For the study on wealth building through life insurance, the primary sources included structured interviews with individual investors in Bangalore, focusing on their experiences and choices regarding life insurance policies for wealth creation. Secondary sources involved the use of publicly available questionnaires and literature on life insurance and wealth building, providing a broader context and supporting evidence for the primary data collected. These combined approaches allowed for a comprehensive analysis of life insurance as a tool for individual wealth accumulation.



### 5.3. Hypothesis

- H1: Product Availability (F3) positively influences Buying Intention (F4).
- H2: Subjective Norm (F5) does not significantly influence Buying Intention (F4).
- H3: Risk Perception (F1) does not significantly influence Buying Intention (F4).
- H4: Behaviour (F6) does not significantly influence Buying Intention (F4).
- H5: Risk Perception (F1) positively influences Attitude (F2).
- H6: Product Availability (F3) positively influences Attitude (F2).
- H7: Subjective Norm (F5) positively influences Attitude (F2).
- H8: Behaviour (F6) negatively influences Attitude (F2).

### 5.4. Statistical tools used

The document also mentions the use of multiple regression analysis to identify the factors affecting wealth creation through life insurance, with SPSS software utilized for data analysis. This approach allows for the examination of the relationship between multiple independent variables and a single dependent variable, providing insights into the impact of various factors on wealth creation through life insurance investments.

Test of Reliability: Utilizing Cronbach's alpha to ensure internal consistency, with a good reliability indicated by an alpha value of 0.8737.

Test of Normality: Employing the Chi-square test to check if the data follows a normal distribution, with a p-value of 0.073, indicating normality as the data's p-value is greater than the significance level of 0.05.

## 6. Data Analysis and Interpretations Findings of the Research

### 6.1. Summary of Descriptive Statistics

The data presents the gender distribution of respondents, with 53.5% male and 46.5% female. The majority were male, indicating slightly higher male representation. The majority of respondents were aged 26-35 years (38.6%), followed by 18-25 years (25.6%) and 35-45 years (23.9%). This suggests individuals in their late 20s/early 30s are more likely to explore life insurance for wealth creation in Bangalore. The majority of respondents (83.1%) were married, suggesting marital status may impact the exploration of life insurance for wealth creation. The majority of respondents (75.4%) reside in urban Bangalore, indicating urban residents may play a crucial role in exploring life insurance for wealth creation. The majority of respondents (52.7%) had annual incomes between Rs 1–2.5 lakhs. Income levels may have implications for financial capacities and aspirations regarding life insurance and wealth creation. The majority of respondents (56.7%) saved below 10% of their annual income. Savings patterns can impact investment capacity and approach towards life insurance and wealth creation.

## 6.2. Summary of The Conceptual Model analysis

### *Reliability and Validity of the Measurement Scale*

The measurement scale analyzed in the research encompasses various constructs pertinent to the utilization of life insurance for wealth creation, including risk perception, attitude, product availability, buying intention, subjective norm, behavior, and finance knowledge. Each construct is evaluated through a series of indicators, with factor loadings ( $\lambda$ ) quantifying the strength of the relationship between these indicators and their respective constructs.

Risk Perception is measured by indicators reflecting concerns and evaluations of the risks involved in using life insurance for wealth creation, demonstrating substantial reliability with factor loadings ranging from 0.704 to 0.892. This indicates a high level of internal consistency among items measuring perceptions of investment risk associated with life insurance.

Attitude towards purchasing life insurance as a wealth management tool is assessed through positive beliefs about its benefits for achieving financial goals, with factor loadings between 0.762 and 0.887. This suggests a strong and consistent endorsement of life insurance as a secure and beneficial investment option.

Product Availability is gauged by the accessibility and variety of life insurance products in the market, as well as the information available about them, showing strong reliability ( $\lambda$  ranging from 0.854 to 0.879). This reflects the influence of product diversity and information transparency on the consideration of life insurance for wealth creation.

Buying Intention captures the propensity to purchase life insurance for wealth enhancement, with factor loadings from 0.813 to 0.861, indicating a significant inclination towards life insurance as a tool for financial planning and wealth accumulation.

Subjective Norm involves the perceived social pressure and influence from valued individuals or groups, with loadings between 0.794 and 0.862. This construct highlights the impact of social influences on the decision to consider life insurance for wealth management.

Behavior reflects past actions related to the acquisition and management of life insurance for wealth creation, with factor loadings ranging from 0.818 to 0.859, suggesting active engagement in researching and purchasing life insurance.

Finance Knowledge is measured by understanding and confidence in financial principles, including insurance and investment, with loadings from 0.761 to 0.852. This indicates a foundational knowledge crucial for making informed decisions about life insurance investments.

Discriminant Validity and Square Root of Average Variance Extracted (SRAVE): In order to measure the discriminant validity, calculated as the square root of the extracted average variance (SRAVE) must be greater than the correlation between the construct and the other construct in the model. (Fornell, 1981). In the table, diagonal cell values are the SRAVE values, and values below the diagonal cell are correlated between the constructs.

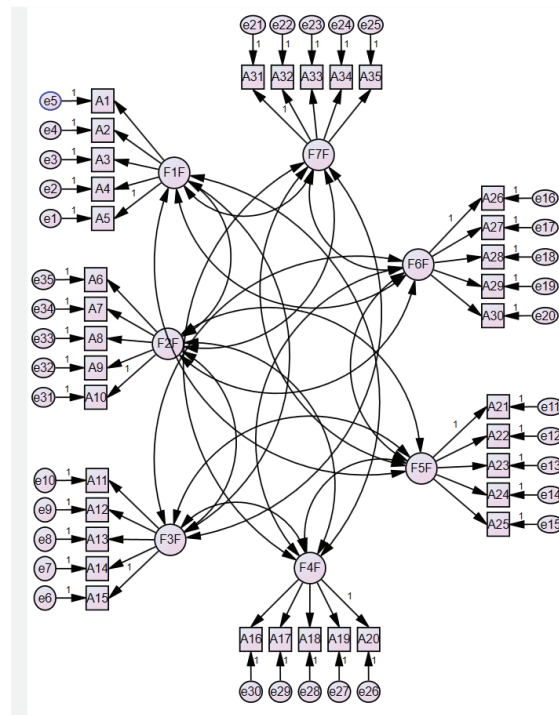
**TABLE 4.** Confirmatory factor analysis (CFA) model fit indices.

Fit Indices	Recommended	Observed	Result
Chi-Square test( $\chi^2$ )	<ul style="list-style-type: none"> <li>• Insignificant</li> <li>• Chi-Square test(<math>\chi^2</math>)</li> </ul>	$\chi^2 = 1433.365$ df = 539 p-value = .00	Significant Chi-Square test( $\chi^2$ )
CMIN $\chi^2$ /df,	<ul style="list-style-type: none"> <li>• Less than 5</li> </ul>	2.5	Acceptable fit
CFI (Comparative fit index)	<ul style="list-style-type: none"> <li>• More than 0.9 good fit</li> <li>• 0.8 – 0.9 borderline fit</li> </ul>	0.841	Good Fit
TLI	<ul style="list-style-type: none"> <li>• More than 0.9 good fit</li> <li>• 0.8 – 0.9 borderline fit</li> </ul>	.834	Good Fit
GFI (Goodness of fit index)	<ul style="list-style-type: none"> <li>• More than 0.9</li> </ul>	0.750	Acceptable fit
AGFI	<ul style="list-style-type: none"> <li>• More than 0.8</li> </ul>	.727	Acceptable fit
RMSEA (Root Mean Square error of approximation)	<ul style="list-style-type: none"> <li>• Less than 0.08 for adequate fit</li> <li>• 0.08–0.1 for acceptable fit</li> </ul>	0.062	Acceptable fit

Here, the goal is to develop a model that fits the data; the no-significant  $\chi^2$  is desired. However,  $\chi^2$  and CMIN/df both are sensitive to the sample size (Kyriazos, 2018; Tabachnick & Fidell, 2013); with large samples, minor differences often cause the model to be significant. To overcome this limitation of  $\chi^2$ , alternative fit indices are to be evaluated (Bagozzi & Yi, 1988; Malhotra et al., 2016)

Goodness-of-fit index (GFI) and Adjusted goodness-of-fit index (AGFI): The value of the GFI was 0.796, which was below the recommended acceptable value of 0.90 (Hair et al., 2014). Whereas the AGFI value was 0.751, which was just below the recommended acceptable value of 0.80 (Chau & Hu, 2001). GFI and AGFI are both affected by sample size. However, both GFI and AGFI are sensitive to the sample size. Their use as a fit index is limited (Malhotra et al., 2016) (Coughlan et al., 2016).

As all the threshold values are within or almost nearer to the cutoff value, the confirmatory factor analysis results revealed a marginal fit between the model and the data. Furthermore, all of the factor loadings were found to be statistically significant. Hence it is concluded that the factors extracted to assess the Perceived watershed effectiveness (PWE) are suitable to measure the proposed construct.



### 6.3. Relationship Analysis

A structural equation model is a complex technique for simultaneously examining the relationship between numerous constructs. It is an equation framework capable of handling several relationships in a single analysis. The path model, which relates independent and dependent variables, is the structural model (Hair et al., 2014).

This study employed SEM to examine the predictive relationship between exogenous variables and endogenous variables.

Job Satisfaction, Intrinsic Job Motivation and Life Satisfaction.

Proposed Model for Perceived Effectiveness of Watershed Project

A Structural Equation model was built to test the hypotheses, and model fit was assessed using  $\chi^2/df$ , CFI GFI, PNFI, and RMSEA indices. Fit statistics for structural equation modeling are presented in the following table.

**TABLE 5.** Fit statistics.

Fit Indices	Recommended	Observed	Result
Chi-Square test( $\chi^2$ )	<ul style="list-style-type: none"> <li>Insignificant</li> <li>Chi-Square test(<math>\chi^2</math>)</li> </ul>	$\chi^2 = 1433.365$ df = 539 p-value = 0.00	Significant Chi-Square test( $\chi^2$ )
CMIN $\chi^2/df$ ,	<ul style="list-style-type: none"> <li>Less than 5</li> </ul>	2.502	Acceptable fit
CFI (Comparative fit index)	<ul style="list-style-type: none"> <li>More than 0.9 good fit</li> <li>0.8–0.9 borderline fit</li> </ul>	0.840	Good Fit

TLI	<ul style="list-style-type: none"> <li>• More than 0.9 good fit</li> <li>• 0.8–0.9 borderline fit</li> </ul>	0.834	Good Fit
GFI (Goodness of fit index)	<ul style="list-style-type: none"> <li>• More than 0.9</li> </ul>	0.788	Acceptable fit
AGFI	<ul style="list-style-type: none"> <li>• More than 0.8</li> </ul>	.743	Acceptable fit
PNFI (Parsimonious Normal fit)	<ul style="list-style-type: none"> <li>• More than 0.5</li> </ul>	0.732	Good Fit
RMSEA (Root Mean Square error of approximation)	<ul style="list-style-type: none"> <li>• Less than 0.08 for adequate fit</li> <li>• 0.08–0.1 for acceptable fit</li> </ul>	0.096	Acceptable fit

Figure: Proposed Conceptual Model fit indices for Effectiveness of Watershed Project

Source: The author's own work, derived from data analysis

Chi-Square test ( $\chi^2$ ): The SEM test of the overall fit of the model produced a  $\chi^2$  value of 1645.81 with 287 degrees of freedom, and the model had a p-value less than 0.00. Furthermore, the ratio of chi-square and the degree of freedom was obtained to be 5.695. As  $\chi^2$  and CMIN/df both are sensitive to the sample size; alternative fit indices are also evaluated (Bagozzi & Yi, 1988; Malhotra et al., 2016).

The Comparative fit index (CFI) CFI value was 0.912, and the value and Tucker-Lewis index (TLI) value was 0.901. Therefore, CFI and TLI were above the limit of 0.90 (Hair et al., 2014) and can be considered satisfactory.

Root Means Square: The root value means a The absolute measure of the parameter of fit, the square error of approximation (RMSEA), was equal to 0.096. Thus, it was within the acceptable cut-off range of 0.08 - 0.1 and considered an adequate fit. (Hair et al., 2014)

GFI and AGFI: The value of the GFI was 0.788, which was below the recommended acceptable value of 0.90(Hair et al., 2014). Whereas the AGFI value was 0.743, which was just below the recommended acceptable value of 0.80(Chau & Hu, 2001). GFI and AGFI are both affected by sample size. However, both GFI and AGFI are sensitive to the sample size. Their use as a fit index is limited (Malhotra et al., 2016) (Coughlan et al., 2016).

As all the threshold values are within or almost nearer to the cutoff value, hence it is concluded that the SEM model is a moderate fit.

## 6.4. Summary of Hypothesis testing

1. Product Availability (F3) significantly and positively influences Buying Intention (F4) (estimate = 0.865,  $p < 0.001$ ). This indicates that an increase in Product Availability is associated with an increase in Buying Intention.
2. Subjective Norm (F5) does not have a significant influence on Buying Intention (F4) (estimate = -0.007,  $p = 0.944$ ). Therefore, we fail to reject the null hypothesis (H2) that there is no significant relationship between Subjective Norm and Buying Intention.
3. Risk Perception (F1) does not have a significant influence on Buying Intention (F4) (estimate = 0.068,  $p = 0.535$ ). Hence, we fail to reject the null hypothesis (H3) that there is no significant relationship between Risk Perception and Buying Intention.

4. Behaviour (F6) does not have a significant influence on Buying Intention (F4) (estimate = 0.012,  $p = 0.944$ ). Consequently, we fail to reject the null hypothesis (H4) that there is no significant relationship between Behaviour and Buying Intention.
5. Risk Perception (F1) significantly and positively influences Attitude (F2) (estimate = 0.254,  $p = 0.003$ ), indicating that an increase in Risk Perception is associated with an increase in Attitude.
6. Product Availability (F3) significantly and positively influences Attitude (F2) (estimate = 0.662,  $p < 0.001$ ), suggesting that an increase in Product Availability is associated with an increase in Attitude.
7. Subjective Norm (F5) significantly and positively influences Attitude (F2) (estimate = 0.455,  $p < 0.001$ ), indicating that an increase in Subjective Norm is associated with an increase in Attitude.
8. Behaviour (F6) significantly and negatively influences Attitude (F2) (estimate = -0.472,  $p = 0.004$ ), suggesting that an increase in Behaviour is associated with a decrease in Attitude.

**TABLE 6.** Simplified version of the data organized into a more concise table format.

Factor	Risk Perception	Attitude	Product Availability	Buying Intention	Subjective Norm	Behavior	Price
Gender	Accepted	Accepted	Reject	Accepted	Accepted	Accepted	Accepted
Age	Accepted	Accepted	Reject	Reject	Reject	Reject	Reject
Marital Status	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted
Education	Reject	Accepted	Accepted	Reject	Accepted	Accepted	Accepted
Occupation	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted
Income	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted	Accepted

“Accepted” indicates the null hypothesis was accepted (no significant difference was found).

“Reject” indicates the null hypothesis was rejected (a significant difference was found).

The table provides a clear overview of the results across different demographic and socioeconomic factors such as Gender, Age, Marital Status, Education, Occupation, and Income, with respect to various variables like Risk Perception, Attitude, Product Availability, Buying Intention, Subjective Norm, Behavior, and Price.

## 7. Findings of the Research

### 7.1. Findings from Demographic Variables under Study

The demographic analysis reveals that the ‘typical’ respondent exploring life insurance for wealth creation in Bangalore is a married Hindu male graduate in his late 20s/early 30s, working in an urban area with limited dependents and moderate-income. Segmentation by demographics can offer further insights.

## 7.2. Findings Implications

The demographic analysis of respondents interested in life insurance for wealth creation in Bangalore provides critical implications for professionals in the city. Given the predominant interest from males, young adults (especially those between 26–35 years old), married individuals, those residing in urban areas, with a significant proportion holding at least a graduate degree, and a mix of employed and entrepreneurial individuals, several implications emerge:

## 7.3. Findings from Conceptual Model Testing

This research aims to understand investors' investment behavior towards life insurance as a tool for wealth creation. A conceptual model is proposed with seven factors - risk perception, attitude, product availability, buying intention, subjective norm, behavior, and financial knowledge.

The measurement scales used for each factor are validated using confirmatory factor analysis (CFA). All the scales demonstrate good convergent validity (factor loadings  $> 0.7$ , AVE  $> 0.5$ , CR  $> 0.7$ ) and discriminant validity (AVE square root greater than inter-construct correlations). The CFA model fit indices are also largely within accepted thresholds indicating the scales are reliable.

A structural equation model (SEM) is then built to test the hypothesized relationships between the factors. Product availability has a significant positive influence on buying intention, indicating greater product availability increases buying intention. Subjective norm, risk perception, and past behavior do not significantly influence buying intention.

Risk perception, product availability, and subjective norm positively and significantly influence attitude, suggesting that increases in these factors are associated with a more positive attitude. However, past behavior negatively impacts attitude, implying that those who have already purchased life insurance view it less positively.

The availability of customized and flexible life insurance products that cater to individual needs is most influential in shaping a positive attitude and stronger intention to purchase life insurance for wealth creation. Social influences and risk considerations play a secondary role.

## 7.4. Implications

- Gender findings imply that targeted marketing for women based on product availability preference may have value. Other factors are consistent across genders.
- Age findings suggest 36–45 is a critical life stage for tailoring messaging to peak across multiple behavioral variables.
- Consistent behavior regardless of marital status means segmenting by this factor may have limited utility.
- Education findings point to the need for customized risk communication and access/marketing focused on education levels.



- Lack of variance by occupation and income implies custom targeting on these factors is unlikely to be impactful.

Results suggest targeted segmentation makes the most sense for age, education and gender (specifically availability preference for women). Other major demographic factors like marital status, occupation, and income do not reveal significant behavioral differences.

#### Findings from Hypothesis Testing

**Gender:** No significant differences between males and females were found for risk perception, attitude, buying intention, subjective norm, behavior, and price sensitivity.

Product availability was significantly more important for female investors compared to males.

**Age:** Significant differences existed between age groups for product availability, buying intention, subjective norm, behavior, and price.

Many factors peaked in importance for the 36–45 year old investor group.

**Marital Status:** No significant differences were found between married and unmarried investors across all factors analyzed.

**Education Level:** Significant differences existed between education levels for risk perception and buying intention, but not other factors.

Less educated investors had higher risk perception but also greater buying intent.

**Occupation:** No significant differences were found between occupational groups across all factors.

**Income Level:** No significant differences existed between income levels for any factors related to investment behavior.

The product availability stands out as the main gender-related difference, while age emerges as a key variable differentiating investor behavior on multiple dimensions. Education primarily impacts risk tolerance and purchase intent. Other demographics like marital status, occupation, and income do not appear to significantly divide life insurance investment patterns.

## 8. Suggestions, Limitations of the Study

### 8.1. Suggestions

Given the comprehensive nature of your study on the use of life insurance for wealth creation among individual investors, particularly in Bangalore, I suggest focusing on several key areas for future research and application to enhance the effectiveness and reach of life insurance as a tool for wealth management.

**Consumer Education and Awareness:** Enhance efforts to educate potential policyholders about the benefits and strategies of using life insurance for wealth creation. Addressing the lack of awareness and understanding identified in your study can empower individuals to make informed decisions that align with their long-term financial goals.

**Product Innovation and Customization:** Insurance companies should continue to innovate and tailor their products to meet the diverse needs of individual investors. The development of flexible, transparent, and customer-centric products can attract a broader



demographic by offering solutions that align with their specific financial objectives and risk tolerance levels.

## 8.2. Limitations of the Study

The study's limitations are primarily related to its scope, methodology, and generalizability. First, the research is geographically confined to Bangalore, which might not fully capture the diverse perspectives and financial behaviors of individuals in other regions or countries. This geographical limitation restricts the study's applicability to a broader audience and may affect the external validity of the findings.

The reliance on self-reported measures for assessing variables like risk perception, attitude, and buying intention could introduce biases, as respondents might not accurately recall their behaviors or might present themselves in a more favorable light. Such measures may not perfectly capture the nuances of individuals' interactions with life insurance products as tools for wealth creation.

The study focuses on individual investors without considering the influence of institutional investors or broader economic factors that could impact the use of life insurance for wealth creation. This exclusion might overlook significant drivers or barriers related to life insurance as a financial tool.

## 9. Conclusion

The study presents valuable insights for enhancing life insurance uptake in India, emphasizing the need for product innovation, transparent communication, and improved financial literacy among consumers. It suggests that insurance firms focus on customer-centric product development, integrating technology to meet diverse financial goals. The role of agents is highlighted as shifting towards a consultative approach, with an emphasis on understanding clients' financial needs and leveraging technology to enhance engagement. Policy-makers are encouraged to promote financial literacy and inclusion, ensuring access to insurance for underserved groups and fostering trust through transparent practices. For consumers, understanding the multifaceted benefits of insurance for wealth creation, alongside regular policy evaluations, is crucial. This collaborative effort across the insurance value chain could significantly impact financial stability and growth in India.

This study of Nalini, Dr. M R Jhansi Rani and Dr. CBV Krishna Prasad (2023) explores how individuals in Bangalore perceive life insurance as a practical investment tool for wealth creation. Results indicate a consistent recognition of insurance's role in asset accumulation and estate planning across various demographics. Unit-linked investment plans are seen as suitable for wealth creation. The study suggests tailoring product design and education strategies, but its limited sample restricts generalizability, calling for broader research.

The authors declare that there are no conflicts of interest regarding the publication of this study. The research was conducted independently, and the authors have no financial, personal, or other relationships that could inappropriately influence the study's outcomes.

All findings and recommendations are based solely on the data collected and analyzed during the study. The funding sources, if any, did not influence the study design, data collection, analysis, interpretation, or the decision to publish the results.

## References

- Abraham, C., & Sheeran, P. (2003). Acting on intentions: The role of anticipated regret. *British Journal of Social Psychology*, 42(4), 495–511.
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211.
- Armitage, C. J., & Conner, M. (2001). Efficacy of the theory of planned behaviour: A meta-analytic review. *British Journal of Social Psychology*, 40(4), 471–499.
- Bernheim, B. D., Forni, L., Gokhale, J., & Kotlikoff, L. J. (2003). The role of life insurance in household financial planning. *Journal of Financial Planning*, 16(2), 20–28.
- (Black & Skipper, 2000). Introduction to wealth creation *Journal of Financial Planning*, 20(1), 28–32
- (Bagozzi & Yi, 1988; Malhotra et al., 2016) *Asian Journal of Finance & Accounting*, 10(2), 123–139
- (Coughlan et al., 2016) *Asian Journal of Finance & Accounting*, 10(2), 123–139
- C.B.V.K. Prasad, Rani (2021), “Working Professionals’ Perception on Virtual Learning During the Covid 19 Pandemic in Bengaluru, India”, NavaJyoti, International Journal of Multi-Disciplinary Research Volume 5, Issue 2, Feb 2021. <AQ5>
- Chilton, D. (2011). *The Wealthy Barber Returns*. Toronto, Canada: Financial Awareness Corporation.
- Colayco, F. J. (2005). *Wealth Within Reach: Pera Ko, Palaguin Mo!* Mandaluyong City, Philippines: Colayco Foundation for Education, Inc.
- Das, S., Markowitz, H., & Scheid, J. (2018). *Wealth Management in India: Challenges and Strategies*. *Asian Journal of Finance & Accounting*, 10(2), 123–139.
- Graham, B. (2015). *The Intelligent Investor: The Definitive Book on Value Investing*. New York, NY: HarperBusiness.
- Harold R. Evensky, Deena B. Katz, & Stephen M. Horan. (n.d.). *The New Wealth Management: The Financial Advisor’s Guide to Managing and Investing Client Assets*.
- Harrington, S. E., & Niehaus, G. (2003). *Risk management and insurance* (2nd ed.). McGraw-Hill/Irwin.
- Horan, Stephen, M. (n.d.). *Principles of Wealth Creation*. *Journal of Financial Planning*.
- Ms. Nalini, Dr. M R Jhansi Rani (2023), “Wealth Creation and Preservation: Examining The Role Of Life Insurance”, *Education And Society, UGC Care Journal*, ISSN: 2278-6864, Vol-47, Issue-2, No.6, April-June: 2023, Pp. 155–166.
- (Hair et al., 2014) *Journal of Economics and Business*, 3(2), 105.
- Jairak, K., & Kanchanapiboon, P. (2016). Application of the theory of planned behavior to predict Thai life insurance purchasing intention. *International Journal of Economics, Commerce, and Management*, 4(1), 1–13.
- Kiyosaki, R. T. (2017). *Rich Dad Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not!* New York, NY: Plata Publishing.
- Krishna, R. (1980). Rural Household Savings and Investment in India. *Economic and Political Weekly*, 15(26), A39–A52.
- (Kyriazos, 2018; Tabachnick & Fidell, 2013) *Journal*, 13(2), 2020
- Nalini, M R Jhansi Rani and CBV Krishna Prasad (2023), “The Role of Life Insurance in Wealth Creation for Individual Investors in Bangalore”, *Journal of Informatics Education and Research*

ISSN: 1526–4726 (ABDC) <https://doi.org/10.52783/jier.v3i2.303>, Vol. 3 Issue 2 (2023), Pp. 1739–1747.

(Reichenstein et al., 2012) Concepts of Wealth creation, *Journal of Economics & Business*, 39(2), 105  
Stanley, T. J., & Danko, W. D. (2006). *The Millionaire Next Door: The Surprising Secrets of America's Wealthy*. New York, NY: Gallery Books.

Subramanian, S., & Jayaraj, D. (2008). The Distribution of Household Wealth in India. In *Personal Wealth from a Global Perspective* (pp. 112–133). Oxford University Press Oxford. <https://doi.org/10.1093/acprof:oso/9780199548880.003.0006>

Singhvi et al. (2023a) and Reddy & Mahapatra (2017) *Journal of Economics and Business*, 3(2), 105.

Subramanian, S., & Jayaraj, D. (2016). The Dynamics of Income Growth and Poverty: Evidence from Districts in India. *Development and Change*, 47(3), 542–567.

Sumiarni, L. (2019). Perilaku Self-Control dalam Mengelola Keuangan Pribadi (Berdasarkan Theory Of Planned Behavior dan Conscientiousness) di STIKes Merangin. *Ekonomis: Journal of Economics and Business*, 3(2), 105. <https://doi.org/10.33087/ekonomis.v3i2.69>.