

Table 21. Term Life Insurance

Like all firms, life insurance companies continually seek new ways to deliver products to the market. Those involved in product development wish to know “who buys insurance and how much do they buy?” Analysts can readily get information on characteristics of current customers through company databases. Potential customers, those that do not have insurance with the company, are often the main focus for expanding market share.

we examine the Survey of Consumer Finances (SCF), a nationally representative sample that contains extensive information on assets, liabilities, income, and demographic characteristics of those sampled (potential U.S. customers). We study a random sample of 500 households with positive incomes that were interviewed in the 2004 survey.

For term life insurance, the quantity of insurance is measured by the policy FACE, the amount that the company will pay in the event of the death of the named insured. Characteristics that will turn out to be important include annual INCOME, the number of years of EDUCATION of the survey respondent and the number of household members, NUMHH.

File Name: TermLife	Number of obs: 500	Number of variables: 18
Variable	Number of Obs Missing	Description
GENDER		Gender of the survey respondent
AGE		Age of the survey respondent
MARSTAT		Marital status of the survey respondent (=1 if married, =2 if living with partner, and =0 otherwise)
EDUCATION		Number of years of education of the survey respondent
ETHNICITY		Ethnicity
SMARSTAT		Marital status of the respondent's spouse
SGENDER		Gender of the respondent's spouse
SAGE		Age of the respondent's spouse
SEDUCATION		Education of the respondent's spouse
NUMHH		Number of household members
INCOME		Annual income of the family
TOTINCOME		Total income
CHARITY		Charitable contributions
FACE		Amount that the company will pay in the event of the death of the named insured
FACECVLIFEPOLICIES		Face amount of life insurance policy with a cash value
CASHCVLIFEPOLICIES		Cash value of life insurance policy with a cash value
BORROWCVLIFEPOL		Amount borrowed on life insurance policy with a cash value
NETVALUE		Net amount at risk on life insurance policy with a cash value

Source: Survey of Consumer Finances (SCF).