



Age is a contributory aspect of life insurance consumers default behaviour

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Abstract

In the present days life insurance is obligatory to everyone. It ensures that family will receive financial support in absence of pillar of family. Many insurance companies involved in Indian insurance market and exploits various strategies for trade. Out of list some Insurance Company provides an insurance policy from entry level age, some advisors deliberate gains of child features. So that consumer attracted with child features and purchased insurance policy. But customer parents does not taking seriously to pay insurance premium. Hence he/she becomes a defaulter. The objective of this paper is age is a contributory aspect of default behaviour.

Keywords: Age, Default behavior, Life insurance, Consumers

Introduction

Life insurance is a tool that can be used to reduce the risk. It ensures that family will receive financial support in absence of chief of family. Therefore life insurance is essential for family protection.

Many insurance companies involved in Indian insurance market and exploit various strategies for trade. Out of list Company provides an insurance policy from entry level age. So that consumer attracted with child features and purchased insurance policy. Sometimes insurance company does not have special plans for children. But advisors suggest to consumers with the future of child and hence he/she attracted and purchased insurance policy.

Due to some reasons, some consumers who does not pay insurance premiums regularly and if this trend continuous beyond stipulated period given by the company and eventually his/her policy terminated and this type of insincere and irregular tendency of the consumer is called default behaviour. Since last few years due to some reasons the number of defaulters has gone up in all insurance companies. There are all types of consumers as a defaulter including the consumer those who well aware of the benefits of insurance and employees those are working in insurance company.

Methodology

1. Materials

This study is related to life insurance consumer’s defaulters and conducted in the Dhule, Nandurbar and Jalgaon districts, which is commonly known as Khandesh in Maharashtra. This study covered total 300 individuals of different background from six life insurance companies, including Life Insurance Corporation of India, State Bank of life Insurance, ICICI prudential life insurance, Reliance Life insurance, Postal Life insurance and Bajaj Allianz Life insurance.

2. Methods

The method used to collect the information was through questionnaire issued to customers of life policies and personnel interview of development officers and agents involved in selling the product. The sampling method for selection of sample units was simple random method and sample size is fairly representative of the population. The data then collected and analyzed according to the need of this paper.

Interpretation and Discussion

Table 1: Classification of total defaulters according to their Age

	1 to 18	19 to 45	46 to 60	Total
Total	129	100	71	300
Percentages	43.00	33.33	23.66	100

	1 to 18	19 to 45	46 to 60	Total	÷ 100
(fo) (observed frequencies)	129	100	71	300	
(fe) (expected frequencies)	100	100	100	300	
fo – fe	29	00	-29		
(fo - fe) ²	841	00	841		
$\frac{(Fo - Fe)^2}{Fe}$	8.41	00	8.41	16.82	

X^2 Value is more than the table value, hence it is significant on 0.01 levels and interprets that there is a significant difference between three groups.

The above table reveals that the maximum defaulter numbers are found in 1 to 18 years. The main reason is that they are fully dependent. Other reasons are

1. His/her parents preferred short term policies.
2. Most of the customer's parents does not taking seriously regarding insurance premium.
3. They are free from various responsibilities.
4. Advisors force.
5. Some companies does not having special plans for some particular purpose nevertheless advisors suggest the plans.
6. These policies are fruitful for future oriented, hence they think short term view and not caring about maintain of policies.

Another aspect is found here that the 46 to 60 age group is minimum numbers of defaulters because of consumer aware the responsibilities and their life security. Hence a consumer knows the benefits of life insurance and maintains the policies. This classification is explained in the following pie-diagram.

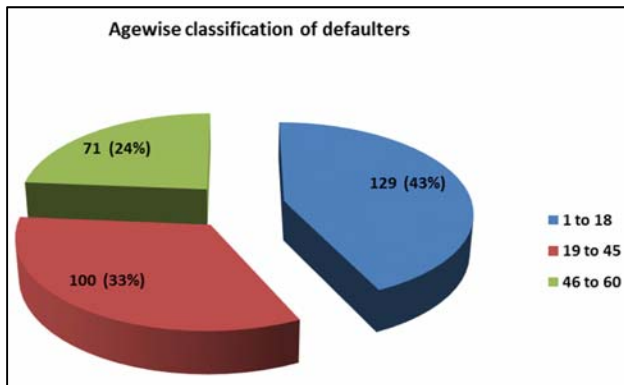


Fig 1: Age wise classification of defaulters

The above graph clearly reveals the maximum numbers of defaulters are found in the age range of 1 to 18. Hence age is a contributory aspect of default behaviour.

Conclusion

According to classification of defaulters 129 defaulters found from age group 1 to 18 and it is highest than all groups. Hence this paper concluded that age is contributory aspect of default behaviour. The main reason is that consumer is fully dependent. Another aspect is found that the 46 to 60 age group is minimum numbers of defaulters because of consumer aware the responsibilities, benefits and their life security. Hence a consumer maintains the policies.

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