



A study on Money-Making Trouble of Defaulters with Special Reference to Life Insurance Consumers

* Dr. Kotkar S. N. ** Dr. D. V. Thakor

* S.S.V.P.S Lt. Kr. Dr. P. R. Ghogrey, Science College, Dhule (M.S.)

** M.S.G.College, Malegaon, Dist.Nashik(M.S.)

ABSTRACT

Finance is the major source of any company or individual to satisfy their needs. After the liberalization, many foreign companies entered in the Indian Insurance market to make profit through the insurance policies. Due to benefits of life insurance, consumer attracted on life insurance policies/products and purchased insurance. After few installments the amount is intolerable and the person becomes a defaulter. There are many causes of defaults such as Money-Making trouble, relationship, inflation, forgetfulness, no proper service of agent/advisor, purchased policy with the force of agent/advisor etc. This paper studies on money-making trouble of defaulters in life insurance consumers defaulters.

Keywords : Money-Making, Trouble, Defaulters, Consumers

1. Introduction:

In present days life insurance is an essential factor for the employed and non-employed persons from public and private sector in rural and urban areas. Due to rapid changes in environment, pollution, population and insecurity, insurance is an essential aspect with respect to security for further dependent members in the family. Insurance is also co-related with economic security in life. Various economists and experts point out that it is an important medium to fulfill the needs of common man. Therefore in Indian context security to be money and security to be life is memorable.

Previously only the life insurance Corporation was playing the role of insurance and consumers only purchased the policies from LIC. But now the situation has changed. Various Government and private companies are in competition and there is tremendous change in type of the policies. Previously LIC only followed traditional plans. Now the private and Government companies launching attractive plans, many of the plans are market based, short period based, small installment, applied profit based. The personnel are also classified in sales manager, advisors and they are working in rural and urban areas. There are various plans and according to insurance consumers are adopting the policies. The infrastructure also is now very attractive and peoples are attracted towards the insurance benefit, plans and human relation. Due to this, person has purchased insurance policies/products. But after some installments the payment is unbearable and he/she becomes a defaulter.

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. There are many causes of defaulters with related to life insurance such as Money-making trouble, relationship, forgetfulness, no proper service of agent/advisor, purchased policy with the force of agent/advisor or Officer or any other related person, no mentality to pay premium regularly, problems in service transfer, busy in job or business, no deduction from salary regularly, no regular reminder letter of premium from insurance Company, commitment and actual is different, purchased policy from outside agent/advisor, need of money for personnel work, authentic and complete information is not

provided by Agent/advisor, number of policies purchased, high policy charges of company, miss selling by agent/advisor, lack of knowledge of agent/advisor, heavy premium, no sufficient growth in NAV (Net Access Value), lack of planning, recession 2008-2009, inflation are the tentative causes but in that money-making trouble is one of the notable cause of defaulter in life insurance consumers.

2. Materials and Methods:

This study was conducted in the Dhule, Nandurbar and Jalgaon districts, which is the part of North Maharashtra in Maharashtra state. 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, Reliance Life insurance, Postal Life insurance, ICICI prudential life insurance and Bajaj Allianz Life insurance. Then to classify the data as per the area of residence i.e. rural and urban and nature of employment i.e. employed and non-employed. The method used to collect the information was through questionnaire issued to consumers 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 by using ANOVA method according to the need of this paper.

3. Money-Making Trouble:

As mentioned above there are total twenty causes of defaults and as per the data analysis, out of 300 defaulters, the total 219(73 percent) consumers are the defaulters because of money-making trouble.

Table 3.1: Showing descriptive statistics of the money-making trouble on the basis of each cell.

Area of Residence	Nature of employment	Mean	Std. Deviation	N
Urban	Employed	67.60	14.52	75
	Non-employed	68.33	18.42	75
	Total	67.97	16.45	150

Rural	Employed	94.43	11.97	75
	Non-employed	85.23	15.03	75
	Total	89.83	14.25	150
Total	Employed	81.02	18.90	150
	Non-employed	76.78	18.72	150
	Total	78.90	18.85	300

The above table provides the mean scores, standard deviations and N for each subgroup.

Table 3.2: Showing the Summary of ANOVA of the money-making trouble cause.

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Area of residence	14344.533	1	14344.533	62.399	0.01	.13
Nature of employment	537.633	1	537.633	2.339	NS	--
Area of residence X Nature of employment	740.033	1	740.033	3.219	NS	--
Error	26666.600	346	229.884			
Total	789314.000	350				
Corrected Total	42288.800	349				

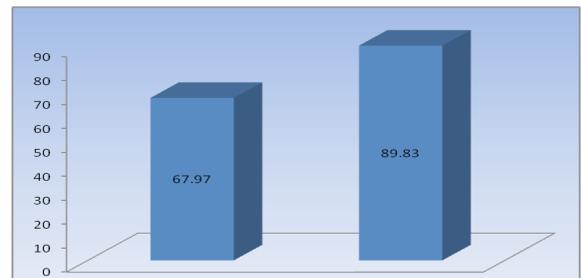
Significant Level : 0.05= (1,346) 3.86; 0.01= (1,346) 6.70
Eta Squared effect size : .01= small; .06= moderate; .14= large effect (Cohen, 1988)

A two-way between groups analysis of variance was conducted to explore the impact of area of residence and nature of employment on money-making trouble of consumer of the particular insurance company.

In the above table the main effect of first Variable is area of residence (urban and rural), the F value is 62.39, which is significant on 0.01 statistical level. Because the table values are 0.05= 3.86 and 0.01= 6.70, are smaller than F (62.39) value. This means that there is significant difference in scores of money-making trouble of the life insurance consumers. The eta square, the measure of effect size, associated with the main effect of area of residence is 0.13 indicates small effect and meaning thereby that only 13.00 per cent of the variance is explained in money-making trouble.

According to the above analysis we interpret that there is significant difference between urban and rural defaulters according to their money-making trouble. For the money-making trouble according to table 3.1, the mean value of urban defaulter group is (Mean =67.97 and SD =16.45), and rural defaulter group is (Mean =89.83 and SD = 14.25) which is significant on 0.01 level, indicates that the rural defaulter group's mean value is high on money-making trouble score and this score indicates that they have more money-making trouble. Since Rural consumers have limited economical and information sources than urban consumers and that's why they have many money-making trouble. Hence it is conclude that the rural consumers have more money-making trouble than urban consumers. This difference is shown in the following graph.

Graph 3.1: Difference between urban and rural defaulters in terms of their money-making trouble. Urban and Rural: Money-Making Trouble



The above graphical image shows that the rural consumers have more money-making trouble than urban consumers.

The main effect of second variable is nature of employment (employed and non-employed), the F value is 2.339, which is not significant. The table values are 0.05= 3.86 and 0.01= 6.70. The obtained F (2.339) value is smaller than table values. Hence it is not significant. This means that there is no significant difference in scores of money-making trouble of the defaulters of the various companies on the basis of their nature of employment. The eta square, the measure of effect size, associated with the main effect of nature of employment is not mention here because of insignificant result.

This type of result reveals that the Employed and non-employed consumers more money-making trouble level is same. Since there is no difference between two groups and no need to classify the graphical presentation here.

Conclusion:

This paper raveled that, according to the area of residence (rural and urban) there is a significant difference between urban and rural defaulters in life insurance consumers defaulters with reference to money-making trouble and on the basis of nature of employment (Employed and non-employed) defaulters in life insurance consumers money-making trouble level is same.

REFERENCES

Kotkar S. N. (2011) "An Analytical Study of default behaviour of Life insurance Consumers from North Maharashtra". | Gupta J.P., Bhatiya G.L., Kumar A. (1997) Principles of Insurance. S. Chand and Company, New Delhi. | ShriNivas M. (2008) "Causes of Lapses of Life Insurance Policies in Life Insurance Corporation (LIC)", Review Journal of Business Research. | Kshitiji P.(2009) "Insurance for everyone", JBA publications, Delhi. |