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## *Relationship: Remarkable Factor for default in Life Insurance Sector*

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*Abstract: Nowadays Indian Insurance market has undergone tremendous changes. The main objective of each and every insurance company is to complete the business target at any circumstances. Various Government and Non Government insurance companies are in competition. In this part of view agents/advisors used various ideas to making a first-rate business. Out of the list the Relationship is the best way. Nevertheless the Relationship between the consumers and advisors/agents is the important aspect of the default. Healthy relationship gets the growth of individual as well as insurance company but they do not thing about his payment mentality and capacity. This paper studies on relationship which is remarkable factor for default in life insurance sector.*

*Keywords: Relationship, Remarkable, Default, First-rate, Life Insurance.*

### I. INTRODUCTION

Relationship between the consumers of insurance companies and advisors/agents is the main aspect of the default. Nowadays various Government and Non Government insurance companies are in competition. Every insurance company wants to complete the business target at any circumstances. In this part of view agents/advisors used various ideas to making a first-rate business. Out of the list the Relationship is the best way to making the business. Agent/advisor makes out the relationship with customers from the daily visiting list. Even though set his priority of relationship and then start the business of the day.

Healthy relationship gets the growth of individual as well as insurance company but they do not thing about customer payment mentality, capacity, behaviour and valuable time. His view is only to make insurance policy. But after some time customers are unable to pay the premium and he/she becomes a defaulters because of relationship.

### II. METHODOLOGY

#### **i) Sample Selection:**

This study was 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 India life Insurance, Reliance Life insurance, Postal Life insurance, ICICI prudential life insurance and Bajaj Allianz Life insurance.

#### **ii) Research Method:**

According to samples classify the data as per the area of residence including rural and urban and nature of employment includes 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/advisors 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.

## III. RELATIONSHIP

It is true Life Insurance Policies like whole-life insurance, joint-life-insurance, pension-life-insurance etc. are essential for family's financial security. Advisors use relationship for success of business.

Table 3.1: Showing descriptive statistics of the Relationship on the basis of each cell.

Area of Residence	Nature of employment	Mean	Std. Deviation	N
Urban	Employed	43.50	7.98	75
	Non-employed	56.61	13.11	75
	<b>Total</b>	<b>50.06</b>	<b>12.66</b>	<b>150</b>
Rural	Employed	54.04	8.43	75
	Non-employed	62.95	10.56	75
	<b>Total</b>	<b>53.49</b>	<b>13.44</b>	<b>150</b>
<b>Total</b>	<b>Employed</b>	<b>48.77</b>	<b>8.19</b>	<b>150</b>
	<b>Non-employed</b>	<b>59.78</b>	<b>12.29</b>	<b>150</b>
	<b>Total</b>	<b>51.77</b>	<b>13.16</b>	<b>300</b>

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

Table 3.2: Shows the Summary of ANOVA of the Relationship.

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Area of residence	1183.360	1	1183.360	<b>11.32</b>	0.01	<b>.03</b>
Nature of employment	2563.010	1	2563.01	<b>24.12</b>	0.01	<b>.05</b>
Area of residence X Nature of employment	841.000	1	841.000	<b>8.04</b>	0.01	<b>.02</b>
Error	41409.380	346	104.569			
Total	1141326.00	350				
Corrected Total	69065.750	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)

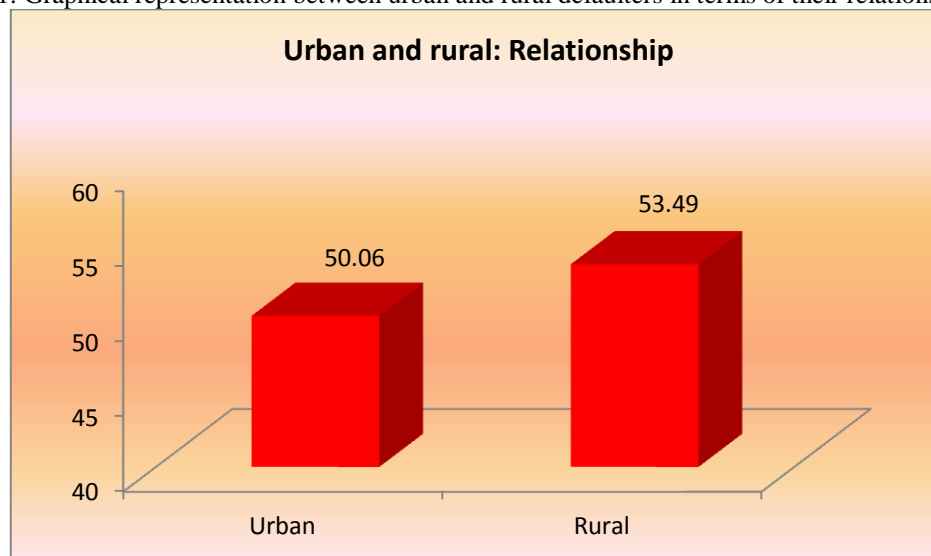
A two-way between groups analysis of variance was conducted to explore the impact of area of residence and nature of employment on relationship between advisor and consumer of the particular insurance policy. Here relationship related to the measurement of the extent to which an individual's attachment to the other person. This attachment influences on his behaviour.

Subjects were divided into two subgroups. Before commenting on these results, a brief remark on the effect sizes needs to be made. In the context of Cohen's d, the present researcher has decided to regard an eta square of 0.010 as small, the eta square of 0.059 as medium, and the eta square of 0.138 as the large effect size. Eta square multiplied by 100 provides another familiar measure of effect size, the PV (percent of variance explained). While interpreting the significant effects, the effect sizes are interpreted in this light. Effect sizes (eta squares) are not reported for the insignificant effects.

In the above table the main effect of first Independent Variable i.e. area of residence (urban and rural), the F value (1,396) is 11.32, 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 value. This means that there is significant difference in scores of relationship between advisor and consumer of the particular life insurance company. The eta square, the measure of effect size, associated with the main effect of area of residence is 0.03 indicates small effect and meaning thereby that only 3% of the variance is explained in dependent variable relationship.

According to the above analysis we interpret that there is significant difference between urban and rural defaulters according to their relationship with the advisors. For the variable relationship, the mean value of urban defaulter group is (Mean =50.06 and SD =12.66), and rural defaulter group is (Mean =53.49 and SD = 13.44) and L.S.D. value is 3.44 which is significant on 0.01 level, indicates that the rural defaulter group's mean value is high on relationship score and this score indicates good relationship. Hence we conclude that the rural consumers are maintaining their relationship with their advisors. One reason is behind this type of result is the locality of the individuals. Rural consumers and advisors are kept contact regularly because of demographic reason, on the contrary urban consumers and advisors maintain their relationship on the basis of professional view. Hence, it is concluded that rural defaulters maintain proper relationship with their advisors. Hence, there is a significant difference between insurance company consumers, according to relationship aspect. This difference is located in the following graph.

Graph 3.1: Graphical representation between urban and rural defaulters in terms of their relationship aspect.

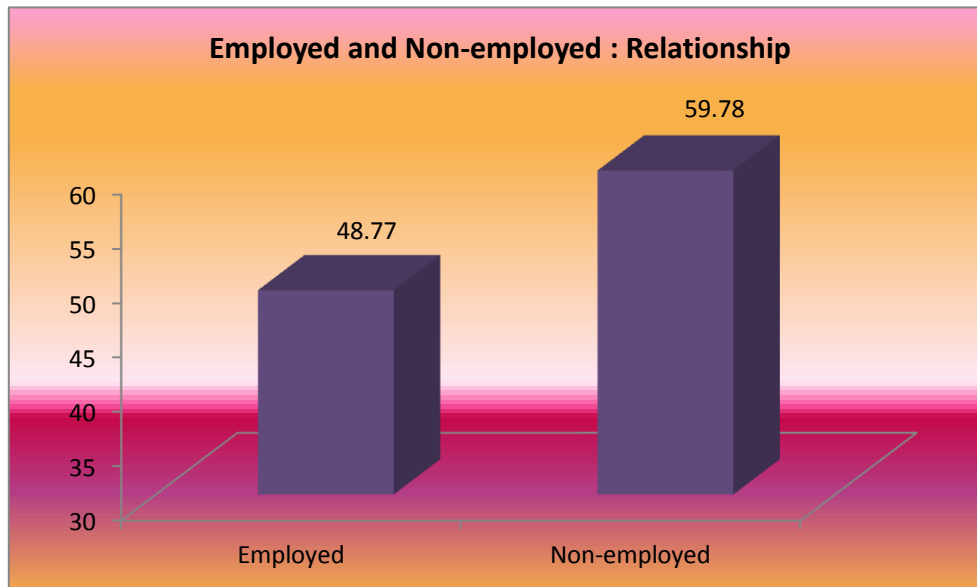


The main effect of second Independent Variable i.e. nature of employment (employed and non-employed), the F value (1,396) is 24.12 which is significant on 0.01 level. Since the table values are 0.05= 3.86 and 0.01= 6.70. The obtained F value is much greater than table values. Hence it is significant. This means that there is significant difference in scores of relationship 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 0.05 indicates small effect and meaning thereby that 5% of the variance is explained in dependent variable relationship.

Here, also we interpret that there is significant difference between employed and non-employed defaulters according to their relationship with the advisors. For the variable relationship, the mean value of employed defaulter group is (Mean =48.77 and SD =8.19), and non-employed defaulter group is (Mean =59.78 and SD = 12.29) and L.S.D. value is 11.01 which is significant on 0.01 level, indicates that the non-employed defaulter group's mean value is high on relationship score and this score indicates good relationship. Hence we conclude that the non-employed consumers are maintaining their relationship with their advisors.

This type of result reveals the nature of defaulter's behaviour. Employed policy holders think about various dimensions of policies and change their views about the policies if their results are not satisfactorily. This is the main reason of the default behaviour of employed consumers in terms of the relationship. But non-employed consumers maintain relationship with their advisors vary sincerely because of future benefits. They have the high need of regular services from the company advisors. Therefore, this type of result found here. Hence, it is concluded that non-employed defaulters maintain proper relationship with their advisors. Employed individuals are capable to know the benefits and services of the companies. But on the other hand non-employed individuals are completely depending on the services of the advisor. They are busy in their professions, farmers are involved in the daily tasks, they ignore the reminders and they have no option the change of the company. Hence, employed and non-employed individuals have different reasons to default behaviour. This difference is displayed in the following graph.

Graph 3.2: Graphical representation between employed and non-employed defaulters in terms of their relationship aspect.



#### IV. CONCLUSION

This paper concluded that, there is significant difference between rural and urban and employed and non employed consumers. On the basis of area of residence rural consumers are maintaining proper relationship with their advisors. According to nature of employed (employed and non employed consumers), non employed consumers need regular services from the company for future benefits. Hence they have maintained good relationship with their advisors very sincerely.

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