FACTORS AFFECTING TO THE PURCHASING OF ORDINARY LIFE INSURANCE IN THAILAND

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Abstract

This objective of this research is to examines the factors affecting to the purchasing of ordinary life insurance in Thailand. The population of this study consists of all quarterly ordinary life insurance premiums in Thailand, while the sample includes quarterly ordinary life insurance premiums in Thailand from 2003 to 2023. The statistical method is multiple linear regression. We found that the relationship between the dependent and independent variables is positively correlated and highly significant, while the unemployment rate and birth rate show a negative correlation with the dependent variable, with a moderate relationship. The analysis showed the factors influencing the purchase of ordinary life insurance in Thailand are the consumer price index, population, and birth rate respectively that at a significance level of 0.05.

Introduction

Ordinary Life Insurance has important role of life insurance. Its demand is shaped by economic factors, such as GDP growth and unemployment rates, and social factors, including population size. Such factors influence consumer decisions and premium affordability. This study examines the relationship between key economic and social variables and ordinary life insurance premiums.

Objectives

To examine the factors affecting to the purchasing of ordinary life insurance in Thailand.

Methodology

This study employs a quantitative research approach using secondary data collected on a quarterly basis from 2003 to 2023. The research methodology consists of the following key steps:

1. Data Collection
2. Data Processing and Cleaning
   - Data were compiled and transformed into quarterly values for consistency.
3. Statistical Analysis:
   - Descriptive Statistics
   - Multiple Regression Analysis
4. Interpretation and Reporting

Results
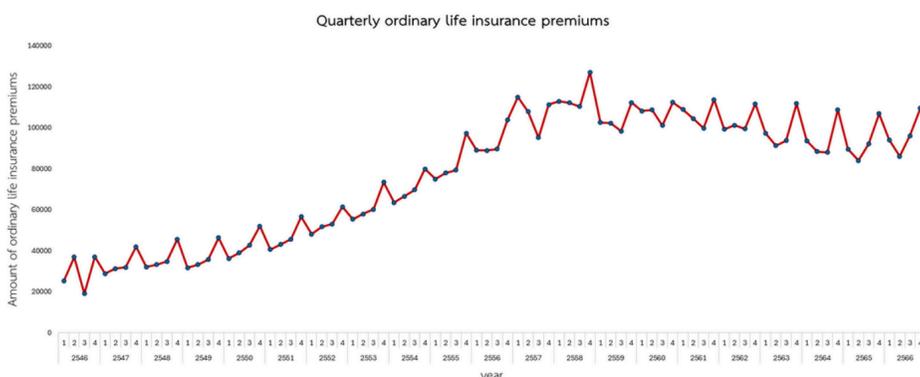
Graph of Quarterly Premiums for Ordinary Life Insurance.

Model 1	Unstandardized Coefficients		t	Sig.	Collinearity Statistics
	B	Std. Error			VIF
(Constant)	-829.6581	147.0048	-5.644	2.51×10^{-7}	-
CPI	1.6227	0.3405	4.765	8.44×10^{-6}	4.7589
Pop	11.0667	2.5150	4.400	3.35×10^{-5}	5.9127
Birth	4.5689	1.3969	3.271	0.0016	2.8270

Show the model after correcting the multicollinearity of the residuals.

	GDP	NI	CPI	Pop	Death	Jobless	Birth
VIF	39.1369	6.4774	15.7315	15.2352	9.3201	3.8123	9.8120

Table showing the Variance Inflation Factor (VIF) of independent variables.
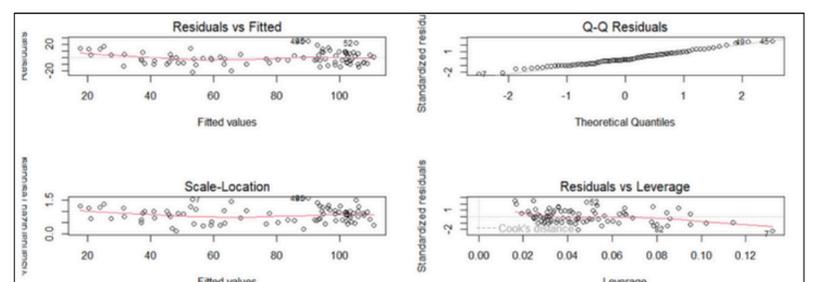
Show the plot of residual analysis of the model.

Conclusion

From the analysis results, it found that the factors influencing ordinary life insurance in Thailand were the consumer price index, population size, and birth rate. The adjusted coefficient of determination (R^2) after correcting for multicollinearity is 0.7315, meaning that it can explain 73.15% of the variation in ordinary life insurance premiums in Thailand.

Reference

[1] Office of Insurance Commission. (2024). Financial status and performance report of life insurance business.
[2] Wiwat Sakpichaimongkol. (2011). Economic factors affecting the total premiums of ordinary life insurance (Research report). Bangkok: Bangkok University.