

Divorce Insurance Opportunities and Challenges faced in India

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ABSTRACT

This research project entitled “Divorce Insurance: Opportunities and Challenges faced in India” includes a survey that deeply studies about the problems and challenges faced by Divorce Insurance in India. This project briefly describes the history of the divorce insurance as well as the concept of alimony settlements. It also studies about the importance of such an alimony cover or a casualty insurance cover such as divorce insurance covers. The project report also studies various aspects that needs to be covered in such a divorce insurance cover from the perspective or the point of view the customer or the general public. Customers realisations, awareness as well as beliefs about the existence of such a divorce insurance concept is also detailed in the study. It also includes the customers suggestions for such a new insurance product to capture or penetrate the market which is also included so that the opinion of the general public can also be noted by the corporates as well as the policy planners.

DECLARATION

I Coline Michael Sabu hereby state that this report entitled as “**Divorce Insurance: Opportunities and Challenges faced in India**” which represents the record with originality of work done under the supervision of Ms. Stuti Gupta. The genuine data and information are provided in this report.

Coline Michael Sabu

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CHAPTER ONE INTRODUCTION

A. *Divorce Insurance: Opportunities And Challenges Faced In India*

According to the reports, divorce rates in India have been increasing in the recent past in the urban areas. Main reasons for this are the interference of family, growing independence of women and many other factors like education. If an individual is unable to bear the expenses and the loss associated with a divorce, he/she can buy a divorce insurance policy that takes care of all the divorce associated expenditures. This is where Divorce Insurance comes into the picture.

The divorce rate in India as compared to other countries are lower than 1%. Only 0.24% of the married population is divorced and this accounts to almost 0.11% of the country's population. It is not unheard of to consider purchasing divorce insurance. Similar to other types of insurance, you might anticipate receiving a reimbursement from your insurer to lessen the effect of any monetary losses brought on by abrupt or unforeseen events.

A financially responsible move would be to get a divorce insurance policy. This insurance option, which is frequently purchased at the time of marriage, will cover all the divorce associated expenditure. Premium that must be paid is determined by the couple's combined income as well as the individual's earning potential. A claim is often ineligible during the first two to three years of the proceeding which is also known as the waiting period of the policy.

(Author, Indian Money Articles, 2019)

B. *History of Divorce Insurance:*

As with other insurances existing from centuries and decades back, divorce insurance is one of the insurance plans that should have come up earlier but turned out to be established a decade back only. Safe-Guard Guarantee corporation which was an insurance start-up world's first new divorce insurance product as it is called in the billing.

(Home Jennifer Saranow Schultz New York Times, 2012, NDTV)

C. *Importance of Divorce Insurance:*

The American Psychological Association (APA) estimates that more than half of marriages in the United States will result in divorce. Divorce may have a significant negative influence on a couple's joint finances as well as what is left over after the divorce, in addition to being burdensome on the parties involved. Therefore, it seems sense that people would look into divorce insurance to assist act as a safety net in the event of the worst. There are a variety of products that you may combine to assist give compensation for the expense of divorce and the associated legal costs, however you could have trouble locating divorce insurance that specifically covers this sort of coverage.

Currently, there is no such thing as "divorce insurance." Although there are a few specialised policies out there, most individuals don't prepare for divorce the same way they do for other significant life events. If they do, they employ other strategies to safeguard their assets or guard against the losses associated with divorce. It is not unheard of to consider purchasing divorce insurance. Similar to other types of insurance, you might anticipate receiving a reimbursement from your insurer to lessen the effect of any monetary losses brought on by abrupt or unforeseen events. Numerous insurance plans are available that, without directly mentioning divorce, can have the same impact and cover some of the costs associated with having a divorce. Prenups and insurance to cover legal costs are distinct from a third strategy, known as a "divorce settlement," that many prospective couples employ. The primary distinction is that it happens after the marriage ends rather than before the ceremonies. (A prenuptial agreement may also specify the terms of a marriage settlement.) Written agreements between spouses that detail the terms of the divorce moving forward are known as divorce settlements. They might cover information about how to divide the assets, who gets to live in the joint residence, who has rights to other property, who will have custody of the kids, visitation arrangements, spousal or child support, and much more.

(American Psychological Association. "Marriage And Divorce.", Lawyers.Com, 2015 "Ways To Invalidate A Prenuptial Agreement.)

D. *What does it Cover?*

You may be able to locate a few different types of insurance that will cover the asset or assets of your choosing if you have an idea of what you would want to protect in the event of divorce or what your ideal divorce insurance policy would look like. Here are some important considerations to keep in mind while creating a strategy to safeguard your assets in the event of divorce:

- legal costs
- The effects of dividing assets in half, or the expense of replacing items lost by the other side
- Help with difficulties with child support or alimony
- counselling or other methods to relieve everyone's discomfort
- reducing from two to one income
- Living expenses for single versus shared things
- The price of new health insurance if you were a participant in your spouse's health plan.

(World Jennifer Saranow Schultz, New York Times Updated: August 08, 2010, Tb Larkin - Family Law Quarterly, 2004)

E. Insurance for Divorce Costs:

When your marriage is in crisis, finding comfort from a variety of insurance products won't be able to replace what you lost, but it may assist safeguard your health and financial security more than if you had no coverage at all. To assist with divorce expenses and legal expenditures, consider the following goods and services: Employee benefits or health insurance: Divorce may result in a lot of stress and complicated emotions, so wife and her husband (and children, if applicable) may want to acquire the right assistance. Look into the health insurance options offered by an ACA (affordable act)-created exchange. A plan offered by the work can be a wise choice. There can also be an employee aid programme.

Legal insurance: Some legal insurance policies may be able to offer a limited amount of legal help over the phone for no-fault divorces and, in some circumstances, legal advice or support with custody disputes. Asking each option specifically how it operates as some exempt high-conflict or contentious divorce, or other family law matters, and these regulations do differ from state to state.

(PN Swisher, (2004), Marriage And Some Troubling Issues With No-Fault Divorce, Regent UL Rev)

F. Increasing Divorce Rate in India:

The process of ending a marriage is known as divorce, which is the dissolution of a marriage. Western nations including the US, UK, Canada, and France divorce frequently. Fortunately, divorce rates are low in India, but this is quickly changing. 13,62,316 divorces were recorded in India in a census that was done back in 2011. Today, this is substantially higher.

- In the past, women were illiterate and unable to find employment. For financial support, they had to rely on their spouses. Men would abuse their wives or demand dowries in order to subjugate them. Women were forced to endure suffering while their husbands took care of their necessities. In India, women are achieving financial independence. They may now work and handle their finances.
- Due to social pressure, the divorced woman was unable to return to her parents' home. In society, divorce was frowned upon. With the increasing acceptance of divorcees in society, this view is gradually shifting. Women who experience agony in their marriages are inclined to divorce their spouses.
- Another frequent reason for divorce is infidelity.
- In India, sham weddings are another reason for divorce. These are convenience weddings or marriages planned for financial gain in a foreign nation, such as the US. These marriages frequently end in divorce.
- Cruelty, including the demand for dowry, suicide threats, and drug abuse are the main reasons for divorce which the independent and highly educated individuals will not suffer and will surely proceed for divorce.

(Dr. Brahmananda Nayak, 15 Dec, 2021, Society Trends)

G. Product Framework:

- An insurance policy's potential framework for paying for legal expenses
- When a divorce is finalized, a fixed reward for legal costs equal to three times the yearly premium is due (with an annual increase of 5% after the third year).
- Paying the fee for two years will result in a refund if the divorce occurs during those two years.
- Ten-year policy period.
- Benefits and goal-based ULIP (Unit Linked) policies for children (marriage, education, etc.) can be integrated.

(Indian Money.Com Research Team, 2010)

H. Alimony Settlements:

Based on the man's net worth and the couple's income, alimony benefits are provided in the event of divorce.

- The maximum amount of monthly alimony is 25 percent of the husband's gross income. It has been adjusted to reflect changes in the husband's pay.
- Lump sum payments range from one fifth to one third of the husband's total assets.
- The father must make separate payments for child support and maintenance. Mothers who are employed will also need to provide. This sum might be used to finance a child's education or marriage.
- A divorce by mutual consent lasts about six months, while a contested divorce lasts about five years. Less than 20% of divorce cases are settled by consent of the parties. Due to the length of time required for resolution, contested divorces can be expensive.

(Travelling Actuary-Pen Name ,2020)

CHAPTER TWO REVIEW OF LITERATURE

A dysfunctional marriage's two sides may suffer one of their most emotionally and financially taxing times throughout the divorce process. Life after divorce has received a lot of attention—either because of the decisions that will affect it, such who gets to keep the kids, or because of the new conditions that both parties will have to deal with. Nevertheless, in addition to the emotional uncertainty experienced at this time, the period from divorce petition to final award presents additional difficulties. Due to legal fees, additional travel costs, and other costs imposed by a divorce, the total household expenses may increase by two or three times. However, divorce-related interruptions to one's personal life might interfere with professional performance. In order to address this second less well-known issue that a changing financial condition places on spouses during the divorce adjudication process, this essay suggests a feasible insurance option.

(J Christopher Westland, 2011, Divorce Insurance: Mitigating The Adjudication Period Financial Crisis)

Three hypotheses on how past marital status affects parents' views on the effects of divorce on children were looked at, and they were drawn from the social psychology literature. Parents who are still married are expected to rate the impact of divorce more negatively than parents who have divorced, and divorced parents who started their own divorce are expected to report fewer negative effects of divorce on children than parents who did not initiate divorce. Married parents are also expected to report more negative effects of divorce on children than divorced parents. The self- and vested-interest study was expanded to the divorce literature thanks to the support of all three hypotheses.

(Michelle Moon, 2011, The Effects Of Divorce On Children: Married And Divorced Parents' Perspectives)

The design of child custody agreements in divorce settlements reflects the difficult choices taken by parents and the legal context in which they did so. A latent class analysis of five settlement outcomes (physical custody, legal custody, visitation, child support, and alimony) using data from the National Survey of Families and Households was used to evaluate five theoretical predictions regarding the composition of settlements. We categorised custody agreements into four categories—traditional mother custody, high-transfer mother custody, separated couples, and shared custody—and found evidence to back up several of our hypotheses. Then, a multinomial logistic regression model of predictors of membership in the classes was estimated to test seven theoretical hypotheses derived from the fusion of conceptual frameworks from earlier studies that have concentrated on gender, equity, and family structure, as well as the economic and legal aspects of bargaining. Several of these predictions are met, however the model is weak in and of itself.

(Robert F. Kelly PHD & William C. Rinaman PHD, 2008, The Structure And Prediction Of Classes Of Divorce Settlements Involving Dependent Children In A National Sample)

It is a cultural presumption that men who have been married before will bring their ex-wives and children with them into new relationships. According to an analysis of 274 second wives' surveys, having such baggage was substantially linked to feeling unhappy in their marriage, considering filing for divorce, and regretting marrying their current husband. The implications for women thinking about getting married to a man who has been married before include acknowledging the potential for marital instability in second marriages, doubting whether living together ensures future marital success, delaying the wedding until problems are resolved, and thinking about moving into a new house or apartment with the new spouse rather than having him move into her house.

(David Knox PHD & Marty E. Zusman PHD, 2008, Marrying A Man With "Baggage", Implications For Second Wives)

The economic effects of divorce on the elderly are the main topic of this study. The family earnings of senior white divorcees were compared to those of married individuals in five SES (Socio-economic status) levels. Using t-tests, it was discovered that divorced people's salaries were lower than those of married people for both sexes. Family incomes were regressed on a group of four control factors as well as a variable for marital status. For the whole sample and for both sexes, the variable of married status was statistically significant. For two SES groups for females and one for men, the marital status variable was statistically significant.

(Atlee L. Stroup MSW, PHD & Gene E. Pollock PHD, 2009, Economic Well-Being Among White Elderly Divorced)

90 recent divorcees chosen from Middlesex County, New Jersey court records filled out a 14-page questionnaire called the Divorce Settlement Experience Questionnaire in order to evaluate the key factors that influence divorce settlement discussions between Divorce Settlement Experience Questionnaire (DSEQ). Two outcome factors—a Post-Divorce Cooperation Factor and a Post-Divorce Satisfaction Factor—were produced by factor analysis of pertinent DSEQ questions. Six hypotheses produced substantial independent effects, according to multiple regression and correlational studies. In general, amicable bargaining environments, client control over the settlement process, resource accessibility, and psychological adjustment were linked to good settlement results.

(Allan M. Hochberg PHD & Kenneth Kressel Phd, 2008, Determinants of Successful And Unsuccessful Divorce Negotiations)

The design of child custody agreements in divorce settlements reflects the difficult choices taken by parents and the legal context in which they did so. A latent class analysis of five settlement outcomes (physical custody, legal custody, visitation, child support, and alimony) using data from the National Survey of Families and Households was used to evaluate five theoretical predictions regarding the composition of settlements. We categorised custody agreements into four categories—traditional mother custody, high-transfer mother custody, separated couples, and shared custody—and found evidence to back up several of our hypotheses. Then, a multinomial logistic regression model of predictors of membership in the classes was estimated to test seven theoretical hypotheses derived from the fusion of conceptual frameworks from earlier studies that have concentrated on gender, equity, and family structure, as well as the economic and legal aspects of bargaining. Several of these predictions are met, however the model is weak in and of itself.

(Robert F. Kelly PHD & William C. Rinaman PHD, 2008, The Structure And Prediction of Classes of Divorce Settlements Involving Dependent Children In A National Sample)

Fairness debates are linked to Western ideas of monogamous marriage. They play a major role in how individuals discuss their divorce strategies, particularly when it comes to the distribution of assets and money. However, there is a gender difference in how fairness is seen in marriage, with men more likely to use equity-based methods and wives more likely to adopt equality-based ones. This article compares data from a study of persons going through divorce procedures in England and Wales to prior studies on how fairness is perceived inside marriage. I contend that certain, but not all, notions of fairness carry over from marriage to divorce and point out that English and Welsh divorce law frequently supports a specific sense of fairness that corrects objectively unequal labour divisions inside the marriage.

(Carrie Paechter, 2013, Concepts of Fairness in Marriage and Divorce)

Child support is a crucial think about the money well-being of unmarried mothers who have dependent children. though the financial effects of kid support awards are studied for variety of groups, they need not generally been explored in relation to "in-kind" financial gain factors appreciate insurance payments that will be a part of a divorce settlement. knowledge on divorce awards were collected from court records. support payment awards were examined to see that factors influence the probability of award and also the quantity of child support awarded. Factors which were found to differentially influence amount of child support awarded were home ownership, award of alimony, length of wedding and award of in-kind income.

(Sharon Burgess Seiling PHD & Harriet Harris PHD, 2008, Child Support Awards, Links with Alimony and In-Kind Support)

A couple that had been married for 19 years sought counselling. When the wife's father forced a marriage contract onto the young couple at the time of their marriage, the causes of their current problems had been pretty obvious. Courts are increasingly accepting marriage contracts, and attorneys, marital therapists, and others are advocating an informal contracting process as a way to define expectations of marriage and of married partners. The legal and mental health fields may work well together in premarital counselling about the legal and emotional facets of marriage.

(Andre P. Derdeyn MD, 2008, A Premarital Contract, Blueprint For Dissension Or Key To Conflict Resolution?)

The impact of coercive measures has received the majority of public policy attention on the child support issue, as opposed to potential motivators for dads to voluntarily comply with their child support obligations. The researcher examined a number of potential predictor variables of child support compliance in this study of 255 divorced dads, including the divorce processes, the kind of child support agreement, the custody arrangements, and the frequency of the father's contact with his children. Fathers who had more regular contact with their children and shared physical and legal custody were also more likely to comply. The findings strongly suggest that divorce agreements should pay more attention to clauses that will increase the father's involvement in the physical and decision-making aspects of his children's lives in order to increase the likelihood that he will be involved in those aspects of parenting that involve money.

(James R. Dudley PhD, 2008, Exploring Ways to Get Divorced Fathers to Comply Willingly with Child Support Agreements)

This study examined the relationship between parental conflict and participation in or absence from a divorce education programme. 160 participants who took part in the education programme and 59 who did not were contacted by phone for interviews. In comparison to the attendance group, the conflict ratings of both men and women in the nonattendance group were greater. The likelihood that a subject will return to court was shown to be related to attendance at the divorce education session. Attendees were less likely to revisit the divorce-related courtroom.

(Monte N. Criddle Jr. MS, ScotM. Allgood PhD & Kathleen W. Piercy PhD, 2008, The Relationship Between Mandatory Divorce Education and Level of Post-Divorce Parental Conflict)

If a divorcee is unable to pay child or spousal support, divorce insurance, also known as Marital Settlement Agreement Insurance (MSAI), supplements unemployment insurance. It is not protection against a potential breakup. Instead, it begins to offer benefits once a couple has reached a divorce settlement. After paying all appropriate court charges and divorce fees, it is a kind of casualty insurance meant to keep couples financially stable. Depending on the plan and provider you select, divorce insurance has a variable monthly cost. For \$1,250 in coverage, Safeguard's policies begin at \$15.99 a month. Safeguard's insurance offers \$12,500 in coverage when 10 units are purchased. If a couple carries divorce insurance for four years in a row, the value of each unit increases by \$250. For instance, if a couple purchased divorce insurance for ten years, they would be

entitled to a \$27,500 reimbursement (the policyholders would have paid a total of \$19,188 for the insurance) in the event of a divorce. No of how many times someone has been married, the cost of one Wed-Lock insurance unit always remains at \$15.99. The majority of the time, a married couple buys divorce insurance jointly. In the case of a divorce, they act in this way to safeguard one another. Even while it is conceivable, neither the Wed-Lock founders nor the normal configuration recommend having just one half of the marriage acquire the insurance. When one spouse buys the insurance, especially if it is done covertly, there may be problems in the marriage.

(Boyd Law, SE HABLA ESPAÑOL, 2022, Ilawyer marketing.com, <https://www.boydlawsacramento.com/contact-us/>)

CHAPTER THREE

OBJECTIVES OF THE STUDY

- To determine the importance of divorce insurance in supporting a divorcee with the divorce and associated expenses.
- To find out the awareness of the existence of divorce and casualty insurance among the general public.
- To determine the importance of divorce insurance in providing financial aids, alimony settlements and child support.
- To explore the divorce rate and the rate of people who are actually benefitting from a divorce insurance.
- To find out if the policies that includes a coverage for divorce insurance such as any casualty insurance are well known by the general public.
- To see if more married individuals would opt for a divorce if a divorce insurance that eases the financial implications caused by a divorce is available.
- To explore the possibility of increase in the marketability rate of such divorce insurance plans by a decrease in the waiting period.

CHAPTER FOUR RESEARCH METHODOLOGY

A. *Research Design*

➤ *Descriptive Research Design*

A descriptive research strategy is to deliberately collect data in order to characterize events, situations, or populations. It generally helps with the research problem's what, when, where, and how questions. The descriptive methodology of research may involve the use of a range of research tools to study the variables in the problem. Although it occasionally includes qualitative data for descriptive purposes, it primarily uses quantitative data. It is crucial to emphasise that, in contrast to experimental research, descriptive research does not include the researcher controlling or influencing any variables. In this instance, the variables are simply identified, observed, and measured.

B. *Sample Design*

➤ *Target Population*

The target population of this study was undergraduate students, postgraduate students, retired and unemployed people and working professionals.

➤ *Sample Frame*

Delhi NCR, Kerala

➤ *Sampling Method*

Convenience Sampling Method: A convenience sample is a kind of non-probability sampling technique where the sample is taken from a group of people who are simple to get in touch with or reach; for instance, asking people to answer questionnaires while standing in line at a grocery shop or mall. Grab sampling and availability sampling are other names for this kind of survey. The only need for the sampling approach is that participants be available and willing. Additionally, since the only need for this kind of sampling is whether individuals consent to participate, it is not necessary to construct a basic random sample.

A questionnaire containing close-ended questions was prepared on google forms and were sent to the selected respondents via mail, WhatsApp, Facebook, Instagram, Messenger and so on. This type of sampling is more useful in case of pilot testing.

➤ *Sample Size*

We received 106 replies from the 165 persons who received the questionnaire, giving us a response ratio of 64.24%.

C. *Data Collection Method*

➤ *Survey*

A survey is a research technique used to gather data from a predetermined sample of respondents in order to learn more and acquire insights into a range of interesting topics. Depending on the technique used and the objective of the study, they can serve a variety of functions and be carried out in a variety of methods.

➤ *Advantages of Survey*

- can be created more quickly (compared to other data-collection methods)
- Cost-effective, however costs vary depending on the type of survey.
- can be managed remotely using the internet, a mobile device, a kiosk, a phone, or mail or email.
- Geographical reliance can be lessened or avoided when performed remotely.
- ability to get information from a lot of replies
- A subject can be the subject of several questions, providing a great deal of versatility in data analysis.
- With the use of survey software, sophisticated statistical methods, such as the capability to evaluate many variables, may be used to assess survey data and establish its validity, reliability, and statistical significance.
- Data from a variety of sources can be gathered (e.g., attitudes, opinions, beliefs, values, behaviour, factual).
- Several forms of inaccuracies are mostly absent from standardised questionnaires.

D. Data Collection Tool

➤ *Questionnaire*

A questionnaire is a sort of research tool used to gather data from respondents and consists of a series of questions or other prompts. Typically, a research questionnaire will have both closed-ended and open-ended question. Longform, open-ended inquiries provide the reply room to expand on their ideas. The Statistical Society of London created research questionnaires in 1838.Both qualitative and quantitative information may be gathered with a data collecting questionnaire.

E. Data Analysis Tool

➤ *MS Excel*

Some researchers independently collect and enter data for analysis. The efficacy of the study depends on the submission of reliable data. A useful tool for inputting and preserving data for research project purposes is Microsoft Excel. Excel is a program that is generally easy to use and understand. The straightforward statistical and graphing features of Excel can help researchers understand their data. Although Excel has several charts, the pie chart is the most user-friendly for analysing the research data. We use a pie chart to illustrate the relationship between the parts and the whole when there are several levels.

Independently gathering and entering data for analysis is done by certain researchers. Reliable data must be submitted for the study to be effective. Microsoft Excel is a helpful programme for entering and storing data for research project objectives. In general, Excel is a simple application to use and comprehend. Excel's simple statistical and graphing tools can aid in researchers' comprehension of their data. The pie chart is the most user-friendly for analysing the study data in Excel, despite the fact that it contains other charts as well. When there are several levels, we use a pie chart to show how the parts and the whole relate to one another.

➤ *Data Analysis and Interpretation*

The descriptive research process is used as the basis for collection and analysis of the research data.

• *Respondent Analysis*

1. Gender
106 responses

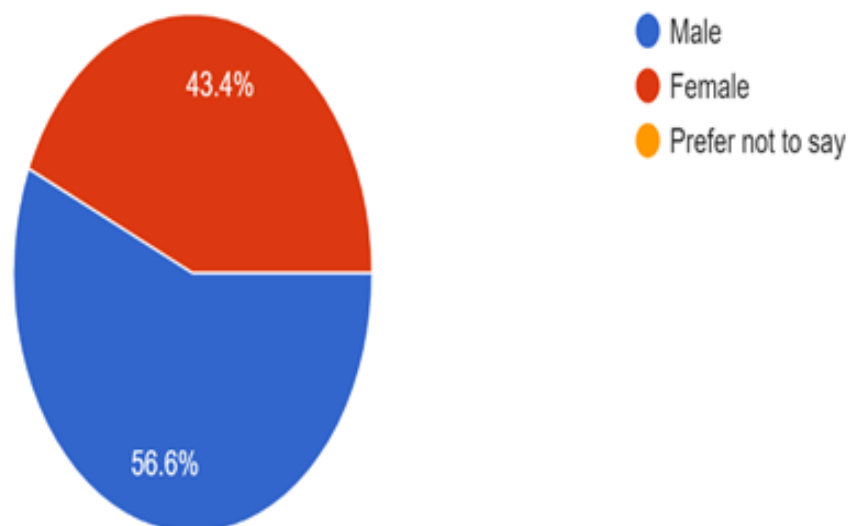


Fig 1 Gender

Categorizing respondents on gender basis, we can observe that 56.6% of the population were males and 43.4% of the population were females.

2. Age

106 responses

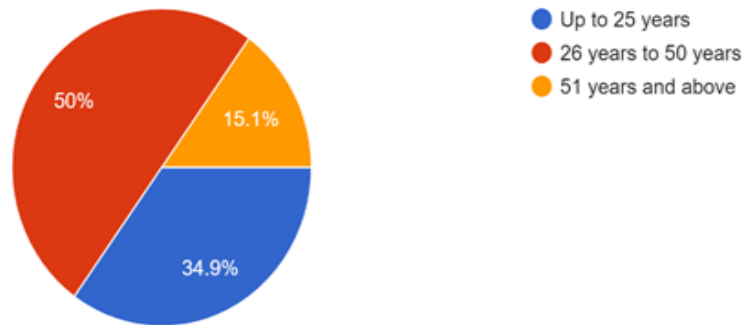


Fig 2 Age

Categorizing the respondents by age 50% of the population were between 26 – 50 years, 34.9% of the population were between 1 – 25 years and 15.1% of the population were above 51 years old.

3. Marital Status

106 responses

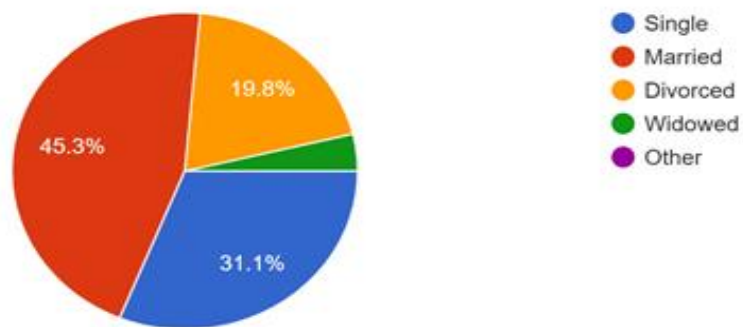


Fig 3 Marital Status

Categorizing the respondents by their marital status, 45.3% of the population were married, 31% of the population were single, 19.8% of the population were divorced and 3.1% of the population were widowed.

4. Employment Status

106 responses

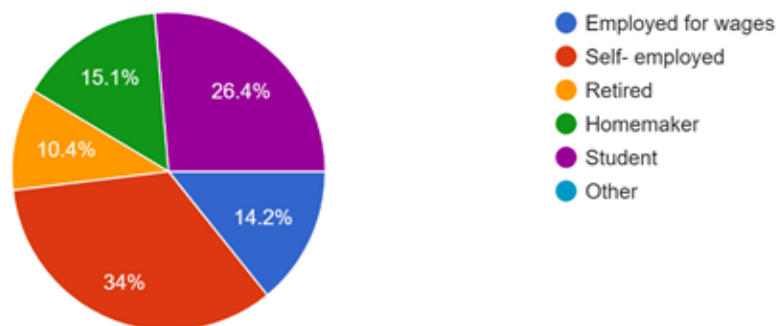


Fig 4 Employment Status

Categorizing the respondents by their employment status, 34% of the population were self-employed, 26.4% of the population were students, 15.1% of the population were homemakers, 14.2% of the population were employed for wages and 10.4% of the population were retired.

5. Have you heard of Divorce Insurance before ?

106 responses

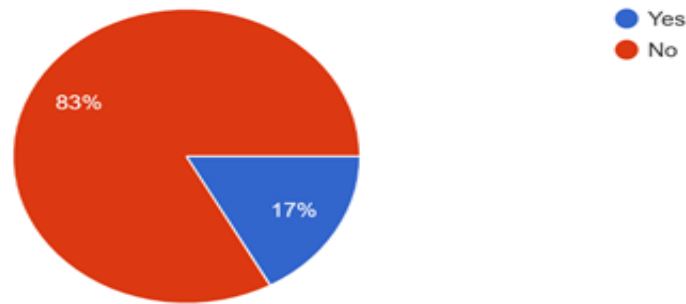


Fig 5 Have you Heard of Divorce Insurance before?

Categorizing the respondents based on whether they have heard of divorce insurance before, 83% of the population haven't heard about divorce insurance whereas 17% of the population have heard about divorce insurance.

6. Have you ever considered taking an insurance for financial implications that may arise due to a divorce ?

106 responses

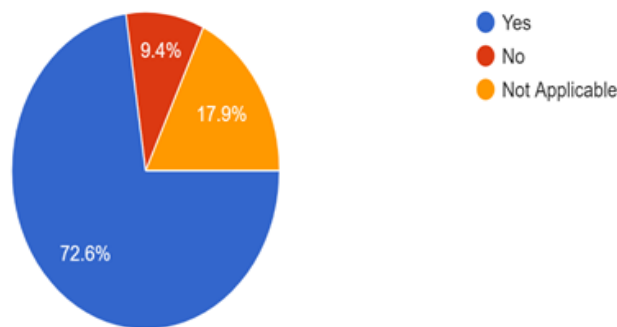


Fig 6 Have you Considered Taking an Insurance for Financial Implications that May Arise due to A Divorce

Categorizing the respondents based on whether they have considered taking an insurance for financial implications arising out due to divorce, 72.6% of the population says yes, 17.9% of the population have opted not applicable and 9.4% of the population says no.

7. Is Divorce Insurance really necessary to meet the financial effects caused by a divorce ?

106 responses

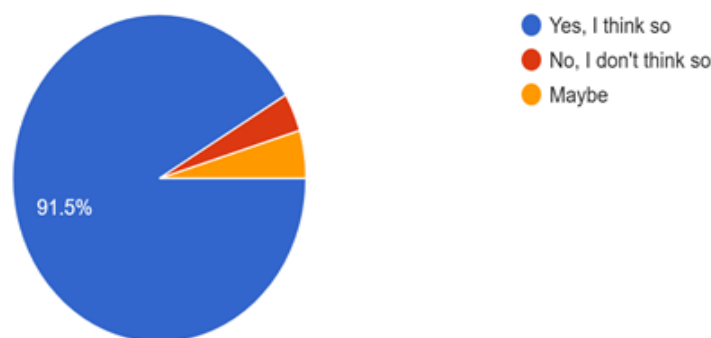


Fig 7 Is Divorce Insurance Really Necessary to Meet the Financial Effects Caused by a Divorce

Categorizing the respondents based on whether divorce insurance is really necessary to meet the financial effects caused by a divorce 91.5% of the population thinks it is necessary, 4.7% of the population is not sure and 3.8% of the population says it is not necessary.

8. Do you think more individuals would be interested in getting a divorce if a divorce insurance plan exists ?

106 responses

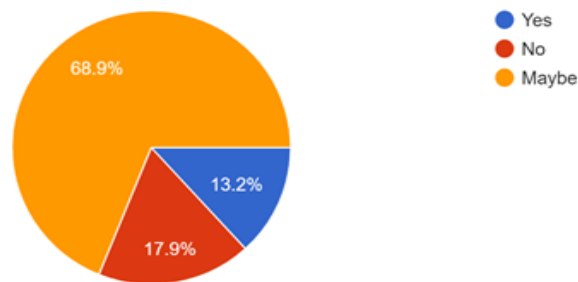


Fig 8 Do you Think More Individuals Would be Interested in Getting a Divorce if a Divorce Insurance Plan

Categorizing the respondents based on whether more individuals would be interested in getting a divorce if a divorce insurance plan exists, 68.9% of the population is not sure and says maybe, 17.9% of the population said no and 13.2% of the population said yes.

9. Why do you think divorce insurance plans are not so popular in India ?

106 responses

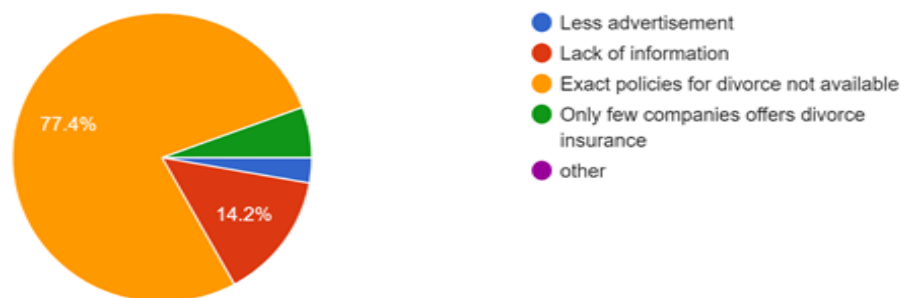


Fig 9 Why do you Think Divorce Insurance Plans are not so Popular in India

Categorizing the respondents on the basis of their response to why they think divorce insurance plans are not popular in India, 77.4% of the population says exact policies are not available, 14.2% of the population claims lack of information, 5.7% of the population claims that only few companies offer divorce insurance and 2.8% of the population claims less advertisement as a reason.

10. Do you think that a decrease in the waiting period of a Divorce Insurance plan can increase its marketability ?

106 responses

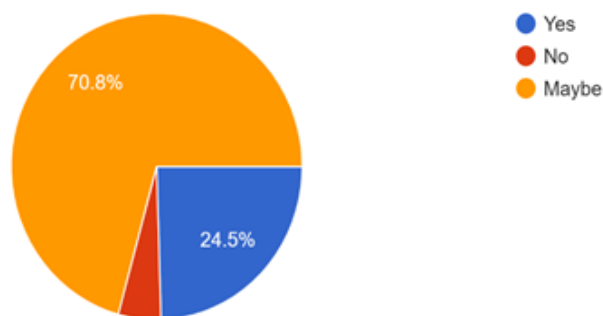


Fig 10 Do you Think a Decrease in the Waiting Period of a Divorce Insurance Plan can Increase its Marketability

Categorizing the respondents based on their opinion to whether a decrease in the waiting period of the divorce insurance plan can increase the marketability, 70.8% of the population were not sure and said maybe, 24.5% of the population said yes and 4.7% of the population said no.

CHAPTER FIVE

FINDINGS AND DISCUSSIONS

- The existence of a casualty insurance plan which covers divorce and associated expenses are not well known among the general public and they are not aware that an insurance policy that covers divorce even exists.
- A divorce insurance plan is an adequate measure for financing divorce and its associated expenses which may include financial instabilities or legal expenses.
- A divorce insurance is very important for providing financial or alimony settlements and for child support.
- The divorce rate in India has been increasing since last two years. As per the reports of the survey conducted by NDTV, the divorce rate was less than 0.11% of the total population, which accounts to less than 1 percent of the population. Even though the divorce rate is less than 1 percent it has been in an increasing pattern due to many reasons like education of people, growth of independent girls and many other reasons.
- Policies that exactly covers divorce and all its associated expenses are not available for the general public. The benefits or the inclusions that the customers want the insurance companies to add should also be considered by the insurance companies while framing such a policy specifically covering divorce insurance.
- There are chances for more married individuals to opt for a divorce if the possession of a divorce insurance policy can help them with the divorce and its associated expenses and thereby making them feel more independent. Most of the partners usually avoid the situation of having a divorce due to the complications that follow a divorce such as afterlife expenses, divorce associated legal expenses and child support. Most people claim that a divorce insurance can be a solution to this conflict and thereby there are chances for the divorce rate to increase by the introduction of a more specific divorce insurance.
- There is a possibility for the increase in the marketability for divorce insurance products if the waiting periods of such policies are reduced. This can help such products in the market penetration and make the policies more popular among the general public.
- If an attractive amount of appreciation charge or a no claim bonus is added each year to the sum assured of the policy, then the customers would be more attracted in buying the policy than saving some money which would be more profitable than buying a policy with no appreciation amount.
- To prevent people who know they are going to get a divorce from signing up in the policy, usually the insurance company will have to set a high bar for the waiting period or the maturing date. While setting the waiting period the company also has to keep in check the possibility of customers avoiding the policy and for those customers, company can provide additional benefits with additional premium in the form of riders. By the customers purchasing riders to reduce the waiting period the insurance company can profit from the same because all the customers signing up for the insurance policy will not be taking a claim.
- The introduction of a more divorce specific insurance product will make the customers more attracted towards these products.

CHAPTER SIX SUGGESTIONS

According to the survey, divorce insurance faces a lot of challenges and also have numerous opportunities in India. For meeting these challenges and demands, it is suggested that:

- More research required targeting divorced individual's difficult and assistance- required areas while getting a divorce.
- Divorce insurance is a branch of insurance that majority of the respondents have not heard before, but too majority of the respondents do vote that divorce insurance is a product that proves to be important from the perspective of even married as well as unmarried individuals.
- While framing the divorce insurance policy, the inclusions and exclusions should be made by verifying with a large number of respondents or the general public so as to make sure that essential needs are being included in the inclusions and coverages of the policy.
- High rate of advertisement and a claim ratio and hassle-free claim settlement would prove as a key to more popularity of a newer policy which is a much more needed one among the general public.
- Another reason for less popularity of the divorce insurance is that people are less aware about the major consequences that a divorce can create. The general public needs to be made aware about the average alimony settlement amount in India which accounts to almost Rs. 15 lakhs which is indeed a sizeable amount, which will be hard for an average individual to spare from their savings and this is where divorce insurance becomes handy.
- Creating awareness about the incorporating inflation to the alimony settlement amount causing the average alimony settlement amount and thereby instilling a notion of making divorce insurance a much-needed insurance policy.

CHAPTER SEVEN CONCLUSIONS

After analysing the various aspects related to divorce insurance, it can be stated that divorce insurance is a well required and less available area in insurance when it comes to the unavailability of financial coverage for divorce and associated expenses along with the less popularity of divorce insurance specifically in casualty insurance.

In India, alimony payments for divorces averaged RS. 15 lakhs. This is a sizable sum, and the majority of people in India would be hesitant or unlikely to be able to pay it to support their wife. Child support and legal fees might cost many thousands of rupees. In recent years, alimony payments have increased by 35 to 40 percent, keeping pace with inflation. Many Indians do not follow financial planning and the nation does not have a high level of financial literacy, some people choose to run away rather than paying their co-partner's debts. In certain situations, divorce insurance may be a game-changer.

The length of the marriage will determine the amount and length of time that alimony is due. Even lifetime alimony is available for marriages that endure longer than ten years. There is no maximum amount of alimony that a woman can request in India. One-third of the husband's net assets might be awarded as a lump sum in this scenario. The financial implications must be taken into account since Indian couples are far more amenable to the thought of divorce than they were ten years ago. Having insurance products accessible for this reason might allow the couple focus on other important issues like property division and child custody while also organising their financial situation.

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