Popularity of Tracking Device as an Anti-theft Measure and Impact of its sales on Sales of Auto Insurance Policies: Evidence from Karachi, Pakistan

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ABSTRACT

In this paper attempt has been made to examine the popularity of tracking devices and its impact on the sales of automobiles insurance policies. Literature review revealed that people insure their vehicles to protect them from theft as well as from other perils such as fire, SRCC, accidental losses and third party liability. The coverage is mainly obtained to prevent theft, which has the major significance. Insurance companies have been trying since a long time to curtail the cost of theft, which is the major cause for higher premium rates. To achieve the objectives of this study Non Probability Technique known as Purposive Sampling is applied, based upon questionnaire survey from a representative sample of tracker and insurance service users. This research revealed that blending the motor insurance policies, with tracker devices, have successfully attracted the major chunk of market and have gained access to a larger segment of the market, offering packaged policies with discounted premium rates and hence the loss ratio has declined with the use of these devices, which ultimately affects the premium rates. The researchers tested the relationship between tracker sales and insurance policy sales. The research revealed significant insights into the relationship.

JEL Classification: D31; D91; G22; G34

Keywords: Tracker Devices, Auto Insurance, Sales, Theft, Third Party Liability.

1. INTRODUCTION

1.1 Background of Automobile Sector in Pakistan

The automobile sector in Pakistan witnessed a sharp increase in theft of cars during the late 1980’s and early 1990’s. There were many factors involved in it, the political uncertainty and the Afghan war considered to be the major ones. Although Car Insurance existed long before, it gained significance during that era due to the increased in theft. People adapted this concept rapidly during
that era and thanks to the industrial growth that they afforded the cost of insuring their vehicles. But then too the Pakistani auto-insurance sector never grew up to the percentages compared to the western market. Until that time the major concern was the theft of vehicle, however, as the time passed away and the traffic on roads grew other services offered by insurance companies too gained importance such as third party liability, personal accident, fire and explosion.

By the end of 1990’s, a new concept of Tracking Devices was introduced. An electronic device installed in a vehicle which transmits signal to the source and provides information about the measurement of vehicle to the control room of Tracking Devices Company. This concept was very effective against the theft / stealing of vehicles. With the passage of time tracker devices were made more efficient with the use of satellite technology and produced good results. If a vehicle is theft / stolen the owner intimates the control center of tracking company, which monitors and immobilizes the vehicle. Once it is tracked by the recovery teams or the police, it is activated and instantly handed over to the owner.

Tracking devices gained popularity initially amongst the elite class and had become a status symbol in the early days. Tracking devices were an effective tool against the theft, but auto-insurance remained the major player in the automobile sector, mainly due to the fact that the comprehensive policies provide full coverage. Many researchers have made research upon the options available for auto owners when installing tracker and purchasing insurance. But nobody has conducted any research in Pakistan related with Tracking Devices and the sales of automobiles Insurance policies.

Keeping above facts in mind this study is conducted on “Popularity of Tacking Devices as an Anti-theft Measure and Impact of its sales on Sales of Auto Insurance Policies”.

**Problem Statement:**

Tacking Devices as an Anti-theft Measure and Impact of its sales on Sales of Auto Insurance Policies is positively significant.

**1.2 OBJECTIVES**

In this paper mainly attempt has been made to examine the popularity of tracking devices and its impact on the sales of automobiles Insurance policies.

**Specific objectives**

- To identify significance of Tracking Devices as an anti theft measure.
- To identify that an association between sales of auto-insurance policies and sales of tracker devices is significant.

**1.2.1 Key Research Question**

To achieve these objectives, the study shall be directed towards establishing affect:

Whether tracker devices are popular as anti theft measure?
Whether there is any association between sales of auto-insurance policies and sales of Tracker Devices?

**1.2.2 Hypothesis**
From above main questions following hypothesis are developed and tested.

**H1:** Tracking devices are not popular as an anti-theft measure

**H2:** There is no association between sales of auto-insurance policies and sales of tracker devices

### 1.3 SCOPE OF THE STUDY

The coverage is mainly obtained to prevent theft which has the major significance. Insurance companies have been trying to curtail, since a long time, the cost of theft which is the major cause for higher premium rates. Tracking Devices are very successful sources for reducing the theft. The successful blending the motor-insurance policies with tracker devices have attracted the major chunk of market and have gained access to a larger segment of the market, offering packaged policies with discounted premium rates and hence the loss ratio has declined with use of these devices, which ultimately affects the premium rates. Therefore there is a need to carry out the studies on such topics for further awareness and promotion.

In order to fill this gap an evaluation was conducted from gross root in Karachi to get complete information on “Popularity of Tracking Devices as an Anti-theft Measure and Impact of its sales on Sales of Auto Insurance Policies: Evidence from Karachi, Pakistan”. This type of study is first ever in its nature.

Data on tracking devices provides the awareness among auto owners, new purchasers and insurance company owners to estimate and forecast the benefits of the installing Tracking Devices and its impact on the sale of the insurance polices. It will help insurance companies and auto-tracker companies to co-operate with each other for promoting their objectives of increasing sales. It will also help insurance companies to estimate the premium rates.

### 1.4 LIMITATIONS AND DEFICIENCIES

This research is conducted in Karachi only and the samples selected are associated with top leading Auto-trackers and insurance companies. Since the research period was limited, therefore, extensive and in depth data collection was not possible.

As the universe of study was Karachi, therefore respondents of the suburban and rural centers were not included and that may effect the generalization of the research objective.

The respondents were selected from top Auto-tracker and in insurance companies due to which responses of average or less famous companies could not be included in the research which may affect the outcome of the research conducted.

There were only a few researchers involved in the research. The shortage of human resource restricted the inclusion of respondents from other areas of Karachi district.

Data was collected in the last quarter of 2008, that may also affect the overall sales analysis of auto tracker and insurance companies as most of the Auto companies introduce their new models in the first quarter of every year and that is the time when it is possible that we can observe higher sales of auto tracker and insurance policies.

### 1.5 ORGANIZATION OF PAPER

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Organization of the remaining paper is composed of: section 2 reviews related literature. Research Methodology is given in section 3. In section 4 hypothesis testing and analysis is given and finally section 5 concludes the study and with policy suggestions.

2. LITERATURE REVIEW

2.1 Types of Car Crime

Clarke (1991) Categorizes Car Crime into Six types:
1) theft from Vehicles.
2) theft of vehicles for so called joy-riding.
3) for use in the commission of other crimes (e.g ramroding or getaway cars);
4) for immediate transport.
5) for longer term transport.
6) as part of insurance frauds.

The Manchester study (Smyth 1990) formed part of a joint police probation car crime campaign. The findings were that 52% of the sample of offenders said they would be put off by an alarm and a further 40 % by an Auto Lock. The major reasons that can be quoted for taking cars were excitement (58%), financial gain (47%) and liking driving 47%).

2.2 Adverse Effect on Highway Safety

Khazoom (2000:24) pointed out that a carefree attitude among drivers who are insured under the compulsory insurance program results into increased accidents at Highways. The insured drivers carelessly as he is covered for all types of losses and would not bear the risk that is associated with rash driving. Compulsory insurance laws does not reduce rash driving attitude.

2.3 Administrative and Enforcement Costs for Insurers and State

Khazoom (2000:22) found how the insurers have to incur some administrative cost, when they issue new policy. For instance survey costs, cost of preparing new policy, snaps etc. However, if the new policy holder cancels the insurance policy before the expiry of the policy, the insurer must refund the unearned premium. Similarly, the insurance company will have to bear the costs again, when the policyholder fails to pay the premium balance.

In the developed countries, the concept of compulsory insurance is practiced more strictly. The laws regulating compulsory insurance requires the insurer to notify the authorities whenever the policyholders terminates their coverage, fail to renew their insurance policies or could not pay the premium balance on an existing policy. This notification also adds expenses at the insurance companies end. Then to implement the law—tracking down the insured and penalizing him by the regulating agencies involves costs.

2.4 The Negligence Theory

Butler (2006:1), when talking about the negligent driver theory of the vehicle accident system, it maintains financial liability for negligently causing an accident and allows an incentive for the drivers to be non-negligent. There were some concerns that allowing insurance against this liability
would eliminate the incentive for non-negligent driving. By increasing insurance premiums for drivers, who are found negligently driving, the insurance companies at some extent have resolved problem.

2.5 Tracking Devices to Cut Car Insurance Rates

Donohue (2008:1) explains the Pay-as-you-drive concept by saying that it would reduce the insurance company’s bill by tracking the insured’s driving habits. The insurance companies will equip cars of their clients with tracking devices that will constantly track motorists’ driving habits to determine how much the insured persons should be charged. The devices will track the cars’ odometers and it will inform the insurers about the mileages of the vehicle. It would provide the insurers with extensive data on accelerating, hitting brakes and at what time the insured person normally travels. The best drivers will receive a discount on their insurance premium and the drivers, who instantly race up and apply intensive brakes, would have to face surcharges. The drivers are careful when they know that their driving is monitored, as well as the incentives for less mileage consumption will keep them off the road, except for that their driving is essential usage of vehicle. The idea is that the program must help in curbing the traffic on roads as the drivers would be avoiding long derive.

2.6 Purchase Patterns

Power and Associates (2008) reports three key factors to determine over all satisfaction for buyers of new auto insurance policy. These factors are mentioned as below:

- Distribution Channel for auto-insurance (50%)
- Price for auto-insurance                          (29%)
- Policy Offerings for auto-insurance        (21%)

2.7 A System to Eliminate Extra-allocation of Resources – Pay at the Pump Auto Insurance

Khazoom (2000:2) wrote that how under the Pay-at-the-pump Auto insurance system the extra resources allocated will be eliminated by saving the lump-sum insurance premium. The insurance companies form a pool and charge a particular premium calculated for every customer, regardless of the fact that some of them are careful drivers and some of them indulge in rash driving, racing etc. Therefore, the insurance bill remains the same for every motorist approaching an insurance company. But the Pay-at-the-Pump Insurance concept provides a unique concept which is required to charge customers according to their driving habits. A motorist driving extra mileage will be charged more in comparison to a motorist driving lesser miles. Thus, it would eliminate the subsidy that some motorists are giving unintentionally to others. The insurance companies may also reap some benefits and sometimes lose under this system. A Brookings institution’s study found that if the total number of drivers would pay the insurance on the basis of the driven miles, the overall driving would be dropped by 8 percent. Under PAY-AT-THE-PUMP fuel and insurance are inputs with Zero rate of substitution in the production of driving services. Both are equally the lifeblood of driving. If this system is implemented Insured car owners will no longer pay an additional premium for uninsured motorists, as they do presently in countries that have mandatory insurance laws.

2.8 Emergence of Co-branding / Vertical Integration
It is observed, over the years, after the launch of tracking devices that they have significantly impacted the auto-mobile industry, as well as the auto insurance industry. However, there is no such evidence that they have put a negative impact on insurance sales. Instead tracking companies have just provided a substitute for a different segment. This is evident from the fact that many tracker companies have aligned their resources with insurance companies to either give their product offerings as a bundle or have vertically integrated to form their insurance companies as well (www.cplc.org.pk and C Track; www.trakker.com.pk).

The bundling of product offerings has reaped many benefits for the auto-insurance industry. For example the major benefit that is perceived from the tracking companies is the control on theft that they have exercised. It is reported that the recovery rate of vehicles fitted with tracking devices is a marvelous 98.5%. This has helped in lowering the overall cost that the automobile industry has to bear. For those vehicles who were offered a bundle product i.e a tracking device with an insurance policy on some overall discount from the insurance company have helped insurance companies to estimate that there will not be a claim on these vehicles with respect to theft / snatching. As the tracker systems are efficient enough to recover a vehicle after it is stolen or theft (C Track; www.trakker.com.pk).

2.9 Discounts Offered

Insurance companies offer substantial discounts to insured vehicles having installed tracker devices in them. Since the overall cost of theft is rising day by day, this may be seen as a subsidy, but the insurance companies found it highly attractive. It is a burden on the insurance industry as well as on the economy itself. This concept helps in reducing it.

2.10 Vehicle Category 800-1000 cc

In Pakistan, the vehicle category from 800 cc to 1000 cc poses a greater risk than the vehicles pertaining to higher category. They are more exposed to theft and have stolen risk because of the demand for fuel efficient and smaller cars in Pakistan. Then it is easy to jack these vehicles due to the low quality locks and anti-theft systems provided by the company. In fact a recent study showed that it takes less than a minute for a car theft offender to steal a Mehran (800 cc). Upon that study DAWN NEWS conducted a further investigation and held a demonstration from a car jacker. It took just 20 seconds to open the lock of the MEHRAN car. The Theft figures from CPLC & some insurance companies confirm these figures. According to the figures MEHRAN (800 cc) has highest rate of being stolen or theft, seconded by DAIHATSU CUORE (800 cc) and ranks SUZUKI CULTUS (800 cc) as the third most stolen vehicle (www.cplc).

2.11 Hardship for low Wealth Uninsured Motorist

Khazoom (2000:24) wrote that the mandatory insurance laws increase the hardships of the low wealth motorist. One has to pay a larger share of budget for automobile insurance, thus restricting their access to food and other necessities. In Pakistan, there is an absence of strong action from the government agencies to enforce the compulsory insurance law which results in ignorance of motorists to purchase insurance.

2.12 Effect of Consumer Financing on Auto Insurance

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Statistics from Provincial Excise and Taxation Departments of Pakistan pertaining to the number of vehicles registered in all the four provinces are taken from 1998-2007 and according to these statistics, 1,058,969 (One million fifty eight thousand nine hundred and sixty nine) vehicle were registered. Motor cars / Jeeps were also registered in Pakistan in the year 1998, excluding commercial vehicles and 2 wheelers. If we include commercial vehicles, motorcycles, trucks, buses, rickshaws, etc this figure becomes 4,303,296 (Four Million Three Hundred and Three thousand Two hundred Ninety six for the year 1998. Now if we look at the figures for the year 2006 for Motor cars (private vehicles) only, it is 1,344,657 an approximately 27% increase. Similarly overall figures for all vehicles registered in Pakistan for 2006 stood at 5,287,152 an approximately 23% increase. It is evident from the figures that use of the automobile rose rapidly in the country. Speedy increase in the numbers of vehicles resulted in a heavy traffic load on the roads and also made opportunity for insurance companies and tracker devices to have access to a bigger market and increase their sales. The sales of automobile rose rapidly due to the consumer financing at lower interest rates and the government policy to promulgate consumer financing in the country.

2.13 Vehicle Theft and its Recovery

Insurance Association of Pakistan (IAP) publishes the records of vehicles theft in a year as well as the vehicles recovered. For the years from 2000 to 2006 it is observed that the highest recovery of theft vehicles was in 2000 when a record 10% (137 out of 1137) vehicles were recovered after they were stolen / theft. The worst record is of 2006 when a mere 89 vehicles were recovered out of 3,663 stolen / theft vehicles. These records are only for the insured vehicles which were stolen / theft. These do not include vehicles which were not insured and vehicles installed with a tracker device. Theft is a major problem for the insurance companies and the major loss contributor. The recovery rate of theft / stolen vehicles is very low and most of the vehicles that are recovered are not in their original condition. Either the engine OR chassis is trapped, CNG kit taken out, cassette players / CD players stolen etc resulting in a refusal from the owner to accept the vehicle back. Thus insurance companies have to pay for the claim. This had a significant impact on the premium rates. Although not all car models were posed to the same risk of being jacked up but the excess in premium was always applied across the board. For example the 800 – 1000cc automobile category includes vehicles with theft / stolen rates 5 to 7 times greater than many less attractive models for car – jackers. For instance as stated above a Suzuki model of 800cc is stolen 3 times more than another vehicle of same horse power of Toyota motors. Although its sales is much higher than Toyota Make but theft ratio is still higher because of cheap parts, easy breakage of locks etc. But the owners pay the premium at a flat rate multiplied by the value of the car which should not be done. As some are charged more for the greater risk that the other carries. However, alliances with tracker companies by the insurance companies have helped solve this problem. Tracker companies have intelligent Geographical positioning systems to instantly locate a car. Although it is said that car jackers are still able to jack vehicles equipped with tracker devices yet the recovery rate of vehicles equipped with these devices is remarkably high i.e 98.5% approx. The insurance companies are able to align with these companies and offer the insurance policy along with the tracker devices and offering around 20 to 30 % discount on insurance premiums. At present these devices are mandatory for the attractive models for car jackers such as Suzuki Mehran and Toyota Corolla 2.0D. However these discounts can be enhanced through a carefully monitored study (www.iap.net.pk; and MNS/Ak/A10-Summary 2000 to 2006).

2.14 Family Involvement in Car Crime
Light, Nee and Ingham (1993) a home office study group during their survey / sampling from England and Wales, identified that young car hackers often influenced by others in the family, usually a brother or cousin. Either they took cars or had done so in the past. Sometimes it happens that the family knew about it but could not take any action against it. Some times the family did not know about the offender, specially, when he is relatively young and the family is not involved in the crime.

2.15 Boredom and Excitement

Offenders usually get into the crime of a young age. Although the search for fun and excitement is, of course, characteristics of young people’s statistics showed that the major problem was boredom for those without money and jobs. Taking cars was seen as a relief by many.

2.16 Passion for Cars

Researches show that for many young offenders ‘interest in cars’ is linked with their becoming offenders. Their current interest seemed closer to criminal activity but when they get into car crime their keen interest in cars from an early age was the motivating factor.

Vehicle Insurance provides coverage against the following:

i. The Insured
ii. The insured vehicle &
iii. The third party.

It provides coverage for damages occurring to an insured, his vehicle and any liability arising from third party damage. Coverage for a vehicle may include a Total Loss, Theft, or a partial damage resulting from an accident.

In order to understand, why there is a need to study the impact of tracker companies on auto-insurance policies is important, the answer as because many myths and addresses various issues that insurance companies are facing such as rising cost of theft. Tracker devices were introduced initially as an effective tool to control the theft problem for the automobile industry and offered some other value added services. With the passage of time tracker devices were modified to offer many added features like online tracking solution offered to customer, track record of vehicle driven, the way it is being driven and assistance for recovery of vehicle. Tracker companies were initially perceived as the competitors to the insurance industry, however, as the market and preferences were shaped, new products emerged with the alliance of the insurance companies and tracker companies.

Some characteristics distinguish insurance companies from tracking companies. Insurance companies deal with a theft claim by requesting to fulfill certain documentary requirements e.g. lodging an FIR with the police, after which the claim is settled. The client is paid a certain amount of money, according to the insurance policy, after deducting some amount known as deductibles. The claim amount is paid after a certain period till then both the client and the insurance company waits for recovery of the vehicle. In case the vehicle is recovered, before the claim’s settlement’ it is usually handed over to the client or the company retains it if the client does not agree to take the vehicle back. In some countries, the client is provided with a backup vehicle for the period until his claim is paid. However, this is not the practice in Pakistan. The client suffers for a month or more if there is any discrepancy in documents or any delay from the insurance company. He has to visit the
police station to lodge an FIR, make copies of all the necessary documents, submit them with the insurance company and then wait for his claim to be settled.

Looking at tracking companies for the same problem i.e. Theft, we came to know that the average recovery time for tracker companies to recover the vehicle, after its stolen or theft is a few hours only. The benefit for the client is instant recovery, hassle free possession and almost zero possibility of missing accessories i.e CNG KIT, CD Players / Cassette players etc.

Now there are a certain elements that are covered under a vehicle insurance policy such as accidental coverage, insured hospitalization third party liabilities and stolen parts.

Whereas a tracker company specializes in the recovery of the same vehicle that the owner lost, provides real time tracking of a vehicle and fleet management etc. Both provide products /services that have their own advantages/disadvantages. For example, the major concern for the insurance companies was the rising cost of theft / stolen vehicles. The recovery rate of stolen / theft vehicle that are not equipped with any device is less than 10%, not even 10 vehicles are recovered out of 100 (www.insurance-research.com).

3. METHODOLOGY

To achieve the results for objectives, scope and hypothesis of this study data was collected. For the collection of data, there are two types of references and resources, primary and secondary.

3.1 Primary Source

This study is mainly dependant on primary data. In order to collect primary data of trackers and insurance service users, methods of inquires can be Case study, statistical method and sample survey method. In this study Non Probability Technique known as purposive Sampling Survey is applied, based upon structural questionnaire.

3.1.1 The Sample

The primary data for this study was compiled through questionnaire filled in on a one-to-one basis by 100 respondents from a representative sample of tracker and insurance service users in Karachi district during the last quarter of 2008. The list of respondents was taken from a representative of C Track and insurance companies.

As Karachi is metropolitan city, and due to time and budget constrains and human resources, it was very difficult to reach every individual, who was using trackers and auto-insurance policy. While selecting the respondents randomly survey was conducted from areas of typical nature, in order to get complete information about the whole district.

In this connection it is worth mentioning here that in order to collect the data on the prescribed closed ended questionnaire, it was compelling need to stay and build up reputation with respondents. In order to get the questionnaire filled, in meetings with respondent was difficult. Therefore co-operation of reputed personalities of the areas was sought. Job was also difficult in the sense that respondents hesitated to cooperate with strangers due to privacy and law and order situation in Karachi.
Purpose of personally collecting and getting the questionnaire filled in, was because it required explanation. The questionnaire was in English, therefore content of the questionnaire were translated for respondents in Urdu, at the spot, and their answers were recorded. Thus it was possible to collect the questionnaire then and there.

3.2 Secondary Data Collection

The Secondary Data was collected from Insurance Association of Pakistan, Citizens Police Liaison Committee, Adamjee Insurance Company Limited, EFU General Insurance Limited, published research articles and also electronic sources were also sought.

3.3 Data Analysis Techniques

The collected data were tabulated and analyzed for the defined purpose. Developed hypothesis were assessed by utilizing PHSTATS and excel package. Z-Test and Chi Square test were used for analysis. For the anti-theft measure we applied the Z-Test, Chi-Square was applied for goodness of fit test.

4. DATA ANALYSIS, RESULTS AND DISCUSSIONS

Based upon data collected, from the respondents with the help of questionnaires’ the samples’ were using the following hypotheses:

Hypotheses

H1: Tracking devices are not popular as an anti-theft measure
H2: There is no association between sales of auto-insurance policies and sales of tracker devices

4.1 HYPOTHESIS ANALYSIS

4.1.1 Testing Popularity of Tracking Devices as an Antitheft Measure

Step 1: Statement of Hypothesis-1

H10: Tracking devices are not popular as an anti-theft measure (µ0 = 2.5)
H1A: Tracking devices are popular as an anti theft measure (µA <2.5)

Step 2: Significance level: α = 0.05

Step 3: Test Statistic:

\[ Z = \frac{\bar{x} - \mu_0}{\sigma} \]

\[ \frac{1}{\sqrt{n}} \]
Step 4: Calculation

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<td>Sample Mean</td>
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<td>( \mu_A &lt; 2.5 )</td>
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<tr>
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<td>Z Critical ( \alpha = 0.05 )</td>
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Step 5: Critical Region: Reject \( H_0 \) if \( Z < Z_{0.05} = -1.645 \)

Step 6: Conclusion

Since \( p \)-value is less than 0.05 thus \( H_A \) is accepted.

The study concludes that Tracking devices are popular as an antitheft measure. This means that Null hypothesis is rejected and Alternate Hypothesis is accepted.

4.1.2 Testing association between sales of auto-insurance policies and sales of tracker devices.

Step 1: Statement of Hypothesis-2

\( H_{20} \): There is no association between sales of auto-insurance policies and sales of tracker devices.

\( H_{2A} \): There is an association between sales of auto-insurance policies and sales of tracker devices.

Step 2: Significance level: \( \alpha = 0.05 \)

Step 3: Test Statistic: \( \chi^2 = \sum \sum \frac{(o_{ij} - e_{ij})^2}{e_{ij}} \)

Step 4: Calculation
Calculation of the Chi-Square Test

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Step 5: Critical Region

Reject Ho if $\chi^2^*$ > $\chi^2_{(0.05, 9)}$ = 16.918978

Step 6: Conclusion

Do not reject Ho.
There is no association between sales of auto-insurance policies and sales of tracker devices.

5. CONCLUSION

The Purpose of this study was to see the opportunity and the possible alliances of insurance companies with the tracker companies, in order to avoid theft, increase recoveries, provide peace of mind to the customer and cut down losses. To explore the relationship of the tracker sales and the impact on auto insurance policies. Tracker devices are the best available anti-theft measure nowadays along with the value added services.

However, there is no association between the sales of tracker devices and the sales of insurance policies as evident from the Tested Hypothesis. The limitation of this article restricts from exploring further categories of the vehicles as well as assessing the many other factors which have less impact on the insurance policy sales. Tracking devices are new in the market and are expensive, auto-insurance products are old and the insurance companies itself have their legacies. The study reveals:

- There is a fair competition in the market.
- Tracker and Insurance companies cannot indulge in cut throat competitions due to difference in services.
- Tracker devices have increased the sales of auto-insurance policies in general when co-branding.
- A very small segment of market has shifted solely to tracker companies from insurance companies. This segment is conscious of status symbol as evident from the questionnaire result.
Out of 50 respondents 35 (70%) agree that the insurance companies offer lower rates to customers having installed tracker devices. Out of 50 respondents 8 said that they offer lower rates whereas 7 out of 50 were of the opinion that higher rates are charged.

It is concluded that more research in the product development area for the alliances of insurance companies and tracker devices can result into a vast range of possibilities for the Pakistani consumers just as the Pay-at-the-Pump auto insurance concept has done in some western countries. For consumers, who are willing to purchase auto insurance and tracker devices, a single solution is available now.

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www.insurance-research.com
www.iap.net.pk Insurance Association of Pakistan,
www.cplic.org.pk Citizens Police Liaison Committee. (C Track)
www.trakker.com.pk