Risk Analysis Dashboard - Observations

# Introduction

This dashboard provides a comprehensive risk analysis of customers based on credit scores, defaults, claims history, employment status, and regional distribution. The observations below summarize the key insights derived from each visualization.

# Observations

## Average Credit Score

The overall average is 573, which is below the safe threshold of 650+. This indicates a medium-to-high risk portfolio.

## Default Rate

About 10% of customers have defaulted, suggesting a notable credit risk exposure.

## Claim Approval Rate

Only one-third of claims are approved, which may indicate high fraud attempts, strict claim policies, or inadequate documentation.

## Regional Risk Distribution

Risk is balanced across all regions, though Central and East show slightly higher risk levels.

## Risk Score vs Default History

Higher risk scores align with higher defaults, validating the effectiveness of the risk scoring model.

## Risk Category vs Credit Score

Customers with lower credit scores are mainly classified as High/Very High risk, while those above 650 trends towards Low/Medium risk.

## Risk Distribution WRT Customers

Most customers fall into Medium (34.6%) and High Risk (35.8%) categories, while only 13% are Low Risk.

## Risk Category vs Employment Status

Unemployed, Retired, and Students show higher default risks compared to Employed or Self-Employed customers.

## Time-Series of Claim Types

Claims of all types are increasing over time, with Theft and Natural Disaster claims rising fastest.

## Summary

The customer base leans heavily towards higher-risk categories, with a significant default rate and low claim approvals. This suggests a need for stricter loan approval criteria, improved fraud detection, and credit improvement programs.