

Individual's Choice on Buying Life Insurance Products in Nepal

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Abstract

This study examines the factors influencing individual's choice on buying life insurance products in Nepal. An individual's choice on buying life insurance policy is selected as the dependent variable. The independent variables are company loyalty, premium charge, agent, claim settlement and company image. The primary source of data is used to assess the opinions of the respondents regarding individual's choice on buying insurance products in Nepal. The study is based on primary data with 151 respondents. To achieve the purpose of the study, structured questionnaires is prepared. The correlation coefficients and regression models are estimated to test the significance and importance of different factors driving individual's choice on buying life insurance products in Nepal.

The study showed that company loyalty has a positive impact on individual's choice on buying life insurance policy. It indicates that company's loyalty towards consumer stimulates the individual's choice on buying insurance products in Nepal. Similarly, premium charge has a positive impact on individual's choice on buying life insurance products. It indicates that fair premium charge stimulates the individual's choice. Similarly, agent of the respective company has a positive impact on individual's choice on buying life insurance products. It indicates that the behaviour and knowledge of agents impulse individuals' choice on buying life insurance products. The study also showed that claim settlement has a positive impact on individual's choice. It indicates that proper claim settlement process stimulates the individuals' choice on buying life insurance products. Furthermore, company image has a positive impact on individual's choice on buying life insurance policy. It indicates that good company image stimulates individual's choice on buying life insurance products in Nepal.

Keywords: company loyalty, premium charge, agent, claim settlement, company image, individual's choice on buying insurance policies

1. Introduction

Life insurance firms date back to the colonial era, making the insurance industry one of the oldest financial products. People today are more educated or intelligent and are cognizant of the value of life insurance. Since then, life insurance has developed to protect individuals' interests against ambiguity

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or during emergencies (Annamalah, 2013). In the event that the household's principal source of income is lost prematurely, life insurance enables single people, married couples, and families to share the financial burden (Rabin and Thaler, 2001). According to Yadav (2014), insurance is an arrangement by which the losses incurred by a small number of insured are divided over many exposed to the same type of risks. Beck and Webb (2003) stated that life insurance plays an important role in fulfilling two prime motives of the consumers and their families. First, it reduces the financial risk in the consumer's family income stream due to the event of premature death of the primary wage earner in the family. Second, it helps the consumers to achieve long-term saving objectives, depending on their saving requirements under risk and uncertainty.

The rapid growth of the health insurance services both in public and private sector has considerably influenced the healthcare scenario in the last two decades (Michielsen *et al.*, 2011). Within a short span of time, private insurance players have acquired substantial market share in the insurance sector (Gambhir *et al.*, 2019). According to Sahu *et al.* (2009), there are many risks and unknowns in life. Due to the fact that we are social beings, we also have obligations. Emotions and logic have a significant role in consumers' purchasing decisions. They place more emphasis on the future than the present and aspire to a better, more secure future; in this sense, life insurance services can be valuable in reducing risk and uncertainty.

According to Mahdavi and Majed (2011), insurance companies are significant factor in economic growth in both developed and developing nations because insurance industry is essential to people's lives and the economy of a nation by providing beneficiaries with financial security in the event of unforeseen events. Chaudhary (2016) emphasized the major needs for life insurance policies such as; to meet family's financial requirements, for loans and expenses repayment, for tax benefits and other diverse investment options. Similarly, categorized the functions of insurance into 3 parts; primary function such as provide protection, collective bearing risk; secondary risk such as prevention of losses, contributes towards the development of larger industries; other functions such as means of savings and investment, risk free trade and so on (Singh, 2010).

The truth is human life is a most important asset and life insurance is the most important type of insurance which provides financial protection to a person and his family at the time of uncertain risk or damage (Yadav and Tiwari, 2012). Desphande (2017) stated that insurance is an umbrella

against a rainy day. It is an agreement between the insurer and the insured. In which the insured is assured by the insurer to compensate the loss that occurred by a definite cause in exchange of consideration known as premium. In this way, life insurance not only provides protection but also it is a sort of investment where a certain sum is returnable to the insured at the time of death or at the expiry of a certain period. Everyone in life faces risk. Since risk is almost always inherent in human life, it must be managed properly (Nursiana *et al.*, 2021). Similarly, Basaula (2017) argued that human lives are in full of risks and uncertainties. They are exposed to different kinds of risks such as untimely death, loss of property by fire, loss in accidents etc. They are uncertain. It is impossible to eliminate the happening of an uncertain event or risk. But man can reduce or eliminate financial loss arising from an uncertain event with the help of insurance.

Most people believe that getting regular exams and purchasing health insurance is a waste of money. When consumers purchase health insurance in order to avoid paying taxes, receive an income tax rebate, or receive compensation from their employment, they often stick with their current plan without making any meaningful effort to weigh their options. Inertia, disengagement, and disinterest toward health programs or medical insurance are consequently caused by widespread carelessness toward primary health services, lack of understanding of health issues, difficult access to medical facilities in smaller cities, and high costs of medical examinations (Sodhi and Rabbani, 2014). This behavior has an impact on consumers' perception toward insurance services that provide financial support during illness. According to Abu-Salim *et al.* (2017), the fierce competition and continuously evolving customer expectations has compelled service companies to take steps to offer services that are focused toward enhancing service experiences, e.g., health insurance.

Guha (2013) stated business must supply properly designed products and services to serve the needs of the customers. A company's business depends on its ability to create and retain its customers. Since the customer's purchase decision has now become a complex process since their purchase behavior is influenced by consumer's behavior, perceptions and attitudes.

The insurance companies perform a wide range of activities such as service designing, preparing contract and policy, marketing and selling, underwriting, rating, reinsurance and other services and claim settlement (Rahman *et al.*, 2007).

Jai (2009) emphasized on the importance of consumers in the business of insurance. The study explained the phase of growing market competition, there is an intense need to go beyond mere efficiency in designing products. Understanding the consumer's needs and conveying what they have to offer would perhaps bring in higher efficiencies in consumer service. In addition, consumer satisfaction is the consumer's assessment of a service in terms of whether that service has met the consumer's needs and expectations. Since today's business environment is highly competitive and rapidly changing. If the firm wants to succeed in its goals, then it has to do a continuous observation of consumer behavior and their preference because consumers are the kings in the business world (Anojan and Subaskaran, 2015).

Mahajan (2013) investigated the consumer decision-making process in life insurance services and found that there are 5 stages i.e. need recognition, search for an alternative and evaluation of alternatives, purchase decision, and post purchase evaluation. Special considerations pertaining to insurance industry are perceived risk, risk and standardization, and risk and information. Individuals believe in future rather than the present and desire to have a better and secured future, in this direction life insurance services have its own value in terms of minimizing risk and uncertainties (Jnawali *et al.*, 2009). Kautish *et al.* (2022) examined the role of insurance company reputation, performance, and positive/negative affect on health insurance policy customer retention and the moderating influence of customer inertia. The results of the study showed that company reputation and performance positively and significantly affects customer retention in insurance sector. The high-quality service delivery is the key to success in service sector. Notwithstanding the ubiquitous accessibility of a number of retail insurance avenues (i.e., life and non-life policies), customers are not fully aware of the varied options available (Barwitz, 2020).

The behavior of the consumer of insurance services is influenced to a large extent by numerous factors that can be classified in several categories: such as age, stage in the life cycle, gender, employment, economic status and last but not least: the education of the person (Ioncica *et al.*, 2012). Sharma and Suneja (2009) studied factors influencing choice of consumers towards life-insurance company where high positive loadings have been observed on brand image of company. These variables showed that customers give importance to various aspects related to company's image in the market. Also the consumers of life insurance service have given due importance to affordable premium for obtaining policy while choosing a company over others. This aspect plays an important role in building consumer preference towards one company over

the other while buying an insurance product. Also, Singh (2011) conducted the study to determine the important factors influencing the customers for selecting an insurance company. The study revealed that product features, accessibility, low premiums, advertising, proper redressed of complaints and better claim settlement are factors that drastically influence the choice of a company. Beck and Webb (2003) found that life insurance consumption rise with income for several reasons. First, a person's consumption and human capital typically increase along with income, creating a greater demand for insurance (mortality coverage) to safeguard the income potential of the insured and the expected consumption of his or her dependents. Khurana (2008) attempted to identify customer preferences regarding plans and company, their purpose of buying insurance policies, their satisfaction level and future plans for the new insurance policy. The results of this study showed that protection was the main purpose of buying an insurance policy.

Namasivayam *et al.* (2006) investigated the socioeconomic factors influencing the decision to obtain life insurance policy. The study reported that socioeconomic factors, such as age, education level and gender of the policyholders are in significant but income level, occupation and family size are significant factors influencing the preference of the policyholders towards various types of policies. Bodla and Verma (2007) found that middle-aged individuals dominate the rural insurance market; insurance sales agents are an important source of information, and they influence life insurance purchase decisions; money-back policy is the most preferred in rural areas, followed by the endowment policy. Sharma and Suneja (2009) found that the lower the income of customers, the higher is the importance accorded to <promotional activities>, <premium and procedural formalities> and <financial and non-financial. In addition, Chattarjee and Giri (2021) found that an improvement in social economic conditions status decreased the probability of discontinuation, while a decline in social economic conditions status increased the probability of discontinuation of insurance.

Prakash *et al.* (2011) argued that service quality is extremely important for the achievement of the business goals. It is a phenomenon experienced by customers and refers to by expressions in respect of life insurance business as content, personal, welcome, alignment, procedural, authenticity and dedication. Yet many life insurances are struggling to improve service, wasting money on ill-conceived service programs and undermining credibility with management rhetoric not backed up with action. For them satisfied customers are the most important objective. Satisfied customers are the main assets for

any organization in their long term future progress (Patil, 2012). Similarly, the customer expectations and perception towards tangibility, assurance, competency and credibility dimensions and of service quality have more impact on customer satisfaction (Khurana, 2013). Majority of the customers agreed with the need of insurance as a mean to the protection of family as first preference for majority of respondents while purchasing an insurance policy. The population who is still uninsured was not approached even though they are in need of insurance. Agent's recommendation sometimes be biased just to make the amount of commission which gives a bad impact of insurance sector on their brains (Jain and Talach, 2012).

Yadav (2012) observed that for every life insurance company, claim settlement is very important part. Premium collection by selling insurance policies is largest source of income of Life Insurance Company. Sales of policies will be directly affected if claims are not properly settled. Arul and Kumar (2011) also observed that claim settlement and the customers' service are the more important factors rather than other factors in life insurance. Yadav and Mohania (2017) argued that claim settlement is like a mirror which reflects the face of insurance companies. Thus, better practice of claim settlement is required for each insurance company. It was found that banking sector development is positively correlated with life insurance penetration. The coefficient on the indicator of banking sector development is significantly positive in all specifications, the positive coefficient does not imply a causal effect on life insurance penetration. Instead, it shows that countries that have well-developed banks also have higher life insurance consumption (Beck and Webb, 2003).

Ray and Ali (2008) examined the gap between available and desired features in existing products and services in life insurance. The study revealed that life insurance has become an attractive investment channel along with providing risk coverage against death/accident, tax savings and meeting post-retirement needs, etc. People like to receive quarterly statement, companies should also inform people about premium payment, its new products and also about switching of funds. The preferred media of communication is SMS, phone call and e-mail at least for the urban population.

In the context of Nepal, the status of life insurance business in Nepal in terms of penetration is 0.87 percent which is significantly lower than world average. The insurance inclusion is less than 10 percent of total population. Adhikari (2020) examined the perception of consumer towards Nepalese insurance products. The study revealed that company loyalty is positively

correlated with perception of consumer towards Nepalese insurance products. Biswakarma (2016) stated that the customer satisfaction can depend on a series of elements that belong to the subjective sphere of the customer and to the objective quality of the product/service experienced. Insurance companies play important role in the welfare of human well-being by providing protection to millions of people against life risks such as uncertain death or accident (Chaudhary, 2016). Sahu *et al.* (2009) found that the major factors playing the role in developing consumers' perception towards life insurance policies are consumer loyalty, service quality, ease of procedures, satisfaction level, company image, and company-client relationship. Also, the consumer's perception towards Life Insurance Policies is positive. It developed a positive mind sets for their investment pattern, in insurance policies.

The above discussion reveals that the empirical evidence vary greatly across the studies concerning on individual's choice on buying life insurance products. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such findings using more recent data exist in the context of Nepal. Therefore, in order to support one view or the other this study has been conducted.

The main purpose of the study is to examine the factors influencing individual's choice on buying life insurance products in Nepal. Specifically, it examines the relationship of company loyalty, premium charge, agent, claim settlement and company image on individual's choice on buying life insurance products in Nepal.

The remainder of this study is organized as follows. Section two describes the sample, data and methodology. Section three presents the empirical results and the final section draws the conclusion.

2. Methodological aspects

The study is based on the primary data. The data were gathered from 151 respondents through questionnaire. The respondents' views were collected on company loyalty, premium charge, agent, claim settlement and company image in Nepal. The study is based on descriptive and causal comparative research designs.

The model

The model estimated in this study assumes that individual's choice on buying life insurance products depends upon company loyalty, premium charge, claim settlement, agent and company image. Therefore, the model

takes the following form:

$$IC = \beta_0 + \beta_1 CL + \beta_2 PC + \beta_3 AGT + \beta_4 CS + \beta_5 CI + e$$

Where,

IC= Individual's choice on buying insurance policy

CL=Company loyalty

PC= Premium charge

AGT= Agent

CS= Claim settlement

CI= Company image

Individual's choice on buying life insurance products was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Goodwill of the company and easy procedure to buy products and services also motivate consumers to use products", "Introduction of varieties of innovative products with affordable prices motivate consumers to use products" and so on. The reliability of the items was measured by computing Cronbach's alpha ($\alpha=0.784$).

Company loyalty was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Company gives equal and fair treatment to all of its customers", "Fulfill its promise towards policy" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha =0.7$).

Premium charge was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "My insurance company provides superior price than others", "My insurance company discloses all premium price related policy" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.759$).

Agent was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Take details of the client's requirements and suggests appropriate insurance plan to the client", "Monitor insurance claims and make sure that they have settled rightfully for both parties" and so on. The reliability of the items was measured by

computing the Cronbach's alpha ($\alpha=0.723$).

Claim settlement was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "This company holds good claim settlement guarantee", "This Company verifies the insurable interest and obtains the consent of insured before it settle the claim" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha =0.772$).

Company image was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include "Insurance products are affected by the goodwill of the company", "Insurance Company has been holding a good financial position for several years" and so on. The reliability of the items was measured by computing the Cronbach's alpha ($\alpha = 0.711$).

The following section describes the independent variables used in this study along with the hypothesis formulation.

Company loyalty

Company loyalty refers to the intention to perform a diverse set of behaviors that signal a motivation to maintain a relationship with the focal firm (Sirdeshmukh *et al.*, 2002). Company loyalty is understood as a favorable attitude toward the focal provider. It is likely to produce positive bonding with the provider, based on emotional attachments. Fullerton (2003) found that company loyalty motivates customers to stay in a long-term relationship and, by so doing, contributes to the feelings of attachment, identification, or even partnership with the provider. Likewise, Evanschitzky *et al.* (2012) found that company loyalty primarily attracts customers to a particular provider and program loyalty ensures that once inside the store, more money is spent. Harrison-Walker (2001) identified that the customer feels toward the company is likely to be translated into positive feelings about the company. Thus, the emotional attachment and positive feelings toward the company and its loyalty are likely to lead to a desire to maintain the relationship and, consequently, an intention to act upon it by developing positive purchase intentions (Fullerton, 2003). Based on it, this study develops the following hypothesis:

H₁: There is a positive relationship between company loyalty and individual choice.

Premium charge

Fair premium has been defined as a judgment of whether an outcome and the process to reach an outcome are reasonable, acceptable, or just accepted (Bolton *et al.*, 2003). Colgate and Norris (2001) also pointed that price is part that required payment of sacrifice to obtain products or services. At the end of the process, customer would have price awareness of products, the purchase behavior of customer depended on pricing factors. Fair premium is a customer's perception of a sales transaction and outcome being just, acceptable and reasonable (Bolton *et al.*, 2003). Anderson *et al.* (1994) emphasized price as an important factor that directly impacted on consumer satisfaction, because whenever consumers evaluate the value of an acquire service, they usually think of the price. Higher price, i.e. the higher premiums charge of the life insurance negatively influences the demand for life insurance. This study has found that though the amount of premiums goes up with the number of policies, (as sheer numerical relationship) the real demand goes down with more amount of premiums asked by the life insurers. However, Ward and Zurbruegg (2002) found a positive relationship between price and life insurance demand. Moreover, Malc *et al.* (2016) confirmed that price fairness influences the intention to buy insurance policies. Al-Salamin and Al-Hassan (2016) measured the impact of pricing strategies on consumers' psychology and on their buying behavior accordingly. The findings of the showed that there is a positive relationship between prices and consumer buying behavior. Also, Martins and Monroe (1994) revealed that the perception of price fairness has a positive impact on consumer willingness to buy a product. Likewise, Vijji *et al.* (2015) showed that out of entire influencing factors, price is found to have a dominant role in attracting real outlet. Based on it, this study develops the following hypothesis:

H₂: There is a positive relationship between premium charge and individual choice.

Agent

The agency system and its agents are vital factors to a company's performance and its long-term survival in the face of increased competition (Annula, 2004). Agents play a significant role in access, finance, and delivery of life insurance policies. They sell insurance products from several insurers or from a single insurer. In exchange, they receive commissions typically from the respective company. In general, they act as the consumer's agent, providing specialized services to help consumers navigate the complexities

of insurance products when the consumer lacks this expertise (Cummins and Doherty, 2006). Steiner and Maas (2018) described that value with respect to insurance services comprises of firms, staff or agent and the insurance policy. These elements positively affect customer's perception of satisfaction and trust. Similarly, Chen and Mau (2009) showed that the salesperson's in insurance company i.e., agent's ethical sales behavior does play a crucial role in winning customer loyalty through customer trusts. Fan and Cheng (2006) suggested that well trained life insurance sales representatives to an adequate standard in competencies of problem solving, communication, information technology utilization, culture compatibility, emotional intelligence, collective competence and ethics will positively affect the individual customer's choice. Joseph *et al.* (2003) found that independent agents who have ability to effectively communicate information, provide service and effectively solve customers' problems, will no doubt, be able to sustain long-term business relationship with the customers. Likewise, Siddiqui and Sharma (2010) concluded that service quality dimensions influence customer satisfaction with agents, functional services and with company which in turn, has a positive impact on overall satisfaction. Based on it, this study develops the following hypothesis;

H₃: There is a positive relationships between the agent and individual choice.

Claim settlement

The word "claim" according to Yusuf and Abass (2013), emanated from the Latin word, "Clamare" which means to "call out". Claim settlement is the monetary compensation that is paid to the policy holder by the insurer in the event of insured loss. Viswanadham (2005) found that claim settlement is the most important function as it creates highest trust in the minds of policy holders through grievance redressed procedure and open and transparent manners. Ashturkar (2015) found that prompt settlement of claims under life insurance policies depends upon the nature of the claim, eligibility to policy moneys, proof of the happening of the event insured against and proof of title etc. Omar (2005) stated that there is lack of trust and confidence in the insurance companies due to slow or lack of claims settlements. Similarly, Daniel (2013) discovered that failure to settle claims and delay claims settlement are the causes of insurance failure. Kalani *et al.* (2013) observed that there are cases of frauds in claim settlement that has negative impact on consumer purchase intention and organizational performance as well, which means individual's choice on buying life insurance policy is directly dependent on claim settlement feature of insurance company. Based on it, this

study develops the following hypothesis:

H_4 : There is a positive relationship between the claim settlement and individual choice.

Company image

Brand image that has been considered as company image is the vision and belief and reflection of the associations that are buried in the minds of consumers. It can also be interpreted as the thoughts and feelings of consumers about the company (Jeon, 2017). Corporate image is the immediate mental picture that audiences have of an organization (Gray and Balmer, 1998). Company reputation is understood as a set of connotations that the target customer ascribes about the company and then uses it to designate, recall and relate to the same as a consequence of positive or negative experience, favorable or unfavorable impressions, beliefs, value dispositions, feelings, information and knowledge (Dowling, 2004). In case of services, the perceptions of corporate reputation and image influence customer commitment and loyalty (Nguyen and LeBlanc, 2001). Moreover, Burmann *et al.* (2008) found that customer's behaviour will be affected and determined by brand image. Likewise, Chattananon *et al.* (2007) found that a societal marketing program and corporate communication can create positive consumer attitudes toward the corporate image. Bala *et al.* (2020) showed that brand image has a positive impact on the individual's choice on buying life insurance policy. Similarly, Andreani *et al.* (2012) found that a good company image will have a positive impact on consumer behavior and thus maintain customer loyalty. Based on it, the study develops the following hypothesis;

H_5 : There is a positive relationship between company image and individuals choice.

3. Results and discussion

Correlation analysis

On analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with means and standard deviations have been computed, and the results are presented in Table 1.

Table 1

Kendall's Tau correlation coefficients matrix

This table presents Kendall's Tau correlation coefficients between dependent variable and independent variables. The correlation coefficients are based on 151 observations. The

dependent variable is IC (Individual's choice. The independent variables are CL (Company loyalty), PC (Premium charge), AGT (Agent), CS (Claim settlement) and CI (Company image).

Variables	Mean	S.D	CL	PC	AGT	CS	CI	IC
CL	3.831	0.589	1					
PC	3.670	0.689	0.341**	1				
AGT	3.861	0.660	0.421**	0.425**	1			
CS	3.801	0.654	0.380**	0.473**	0.469**	1		
CI	3.832	0.622	0.359**	0.382**	0.408**	0.434**	1	
IC	3.938	0.690	0.356**	0.265**	0.352**	0.403**	0.346**	1

Note: The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent levels respectively.

Table 1 reveals that company loyalty is positively correlated to the individual's choice indicating that company loyalty stimulates individual choice on buying life insurance policies. Likewise, premium charge is positively correlated to the individual choice. This implies that minimum premium charge drives the individual choice on buying life insurance policies. Similarly, agent is positively correlated to the individuals' choice. It indicates that the behavior and knowledge of agents impulse individuals' choice on buying life insurance policies. Likewise, claim settlement is also positively correlated to the individual's choice indicating that proper claim settlement process stimulates the individuals' choice on buying life insurance policies. Further, company image is also positively correlated to the individuals choice referring that good company image stimulates the individuals choice on buying life insurance policies.

Regression analysis

Having analyzed the Kendall's Tau correlation coefficients matrix, the regression analysis has been carried out and the results are presented in Table 2. More specifically, it presents the regression results of company loyalty, premium charge, agent, claim settlement and company image on Individual's choice on buying life insurance products in Nepal.

Table 2

Estimated regression result of company loyalty, premium charge, agent, claim settlement and company image on the individual's choice on buying life insurance products in Nepal

The results are based on 151 respondents using linear regression model. The model is $IC = \beta_0 + \beta_1 CL + \beta_2 PC + \beta_3 AGT + \beta_4 CS + \beta_5 CI + e$, where the dependent variable is IC (Individual's choice). The independent variables are CL (Company loyalty), PC (Premium charge), AGT

(Agent), CS (Claim settlement) and CI (Company image).

Models	Intercepts	Regression coefficients of					Adj. R_bar2	SEE	F-value
		CL	PC	AGT	CS	CI			
1	2.060 (6.092)**	0.490 (5.620)**					0.169	0.629	31.581
2	2.406 (8.626)**		0.417 (5.588)**				0.168	0.630	31.227
3	2.140 (7.127)**			0.466 (6.073)**			0.193	0.620	36.886
4	1.516 (5.707)**				0.637 (9.245)**		0.360	0.552	85.468
5	1.823 (5.955)**					0.552 (6.998)**	0.242	0.601	48.975
6	1.614 (4.604)**	0.335 (3.521)**	0.283 (3.476)**				0.227	0.607	23.008
7	1.404 (3.943)**	0.244 (2.408)*	0.191 (2.145)*	0.232 (2.377)*			0.250	0.596	17.704
8	1.035 (3.120)**	0.154 (1.642)	0.065 (0.695)	0.125 (1.366)	0.544 (5.532)**		0.376	0.545	23.602
9	0.623 (1.810)	0.152 (1.676)	0.127 (1.377)	0.075 (0.831)	0.483 (4.974)**	0.281 (3.308)**	0.516	0.428	22.35

Notes:

- i. Figures in parenthesis are t-values.
- ii. The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent level respectively.
- iii. Individual’s choice on buying insurance products is dependent variable.

Table 2 shows that the beta coefficients for company loyalty are positive with the individual’s choice. It indicates that company loyalty has a positive on the individual’s choice on buying insurance products in Nepal. This finding is consistent with the findings of Fullerton (2003). Likewise, the beta coefficients for premium charge are positive with individual’s choice. It indicates that premium charge has a positive impact on the individuals’ choice. This findings is similar to the findings of Ward and Zurbruegg (2002). In addition, the beta coefficients for agent are positive with individuals’ choice. It indicates that agent has a positive impact on individuals’ choice. This result supports the findings of Steiner and Maas (2018). In addition the beta coefficients for claim settlement are positive with individual’s choice. It indicates that claim settlement has a positive impact on in individual’s choice. This finding is similar to the findings of Omar (2005). Likewise, the beta coefficients for company image are positive with the individual’s choice. It indicates that company image has a positive impact on individual’s choice on buying insurance policy in Nepal. This finding is consistent with the findings of Bala *et al.* (2020).

4. Summary and conclusion

Life Insurance can be defined as a contract between an insurance policyholder and an insurance company, where the insurer promises to pay a sum of money in exchange for a premium, upon the death of an insured

person or after a set period. For a life insurance policy to remain in force, the policyholder must pay a single premium upfront or pay regular premiums over time. Since it's a service oriented company and in any service oriented company the consumer is the most important person. Consumer satisfaction is the ultimate objective of the marketing process. Every insurance company must be aware of consumer's needs while developing policies. In the process of developing policies the company must focus the needs, preferences and demand of the individual consumers.

This study attempts to examine the factors influencing individual's choice on buying life insurance products in Nepal. The study is based on primary data with 151 observations.

The study showed that company loyalty towards customers, fair premium charge, knowledge and behavior of agent, effective claim settlement process and company image stimulates individual's choice on buying life insurance products in Nepal. The study also concludes that claim settlement process and company image are the most influencing factors that explain the changes on individual's choice on buying life insurance policies in Nepal.

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