# THE INTENTION TO PURCHASE LIFE INSURANCE: A STUDY BASED IN KATHMANDU VALLEY

A Dissertation submitted to the Office of the Dean, Faculty of Management, in partial fulfillment of the requirements for the Degree of Masters of Business Studies

by

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## Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “The Intention to Purchase Life Insurance: A Study based in Kathmandu Valley”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Sujan Maharjan

November, 2022

## Report of Research Committee

Mr. Sujan Maharjan has defended research proposal entitled "The Intention to Purchase Life Insurance: A Study based in Kathmandu Valley" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Mr. Nischal Risal and submit the thesis for evaluation.

Nischal Risal
Supervisor

**Dissertation Proposal Defended Date:** 13-03-2022

Nischal Risal
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**Dissertation Submitted Date:**

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**Dissertation Viva Voce Date:**

## Approval Sheet

We have examined the dissertation entitled “The Intention to Purchase Life Insurance: A Study based in Kathmandu Valley” presented by Mr. Sujan Maharjan for the degree of Masters of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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Dissertation Supervisor

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Internal Examiner

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Chairperson, Research Committee

Signature

## Acknowledgements

This study entitled “The Intention to Purchase Life Insurance: A Study based in Kathmandu Valley” has been prepared for the partial fulfillment of requirements for the degree of Masters of Business Studies. The research is focused towards determining the factors that influence the purchase of life insurance policies among consumers in Kathmandu Valley.

This would not have been possible without the support and assistance of many individuals. First of all, I would like to extend my sincere gratitude towards Nischal Risal, Assistant Professor (Lecturer) for his valuable supervision along with guidance, advice and motivational support in completing this study. I am very thankful for his continuous support and constructive suggestions that have enabled this research to achieve its present form**.** Further, I would like to express my thankfulness to all the respondents who participated in filling the questionnaires and provided necessary information for this study. I am also obliged to thank Mr. Manoj Kunwar, Campus Chief; Mr. Rojesh Pandit, Assistant Campus Chief; and Mr. Pramod Raj Sharma, MBS Coordinator at People’s Campus, along with my seniors, colleagues, respected librarians and other authorities of the Campus for their support, encouragement, and valuable suggestions as well as for the generosity and co-operation for the completion of this project.

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November, 2022

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## Abbreviations

| | |
|---|---|
| A | Agree |
| DA | Disagree |
| DM | Decision Maker |
| EU | Expected Utility |
| EUT | Expected Utility Theory |
| IBM | International Business Machines |
| LIC | Life Insurance Corporation of India |
| MPhil | Master of Philosophy |
| N | Neutral |
| PhD | Doctor of Philosophy |
| RBS | Rastriya Beema Sansthan |
| SA | Strongly Agree |
| SD | Standard Deviation |
| SDA | Strongly Disagree |
| SLC | School Leaving Certificate |
| SPSS | Statistical Package for the Social Sciences |
| TRA | Theory of Reasoned Action |

## Abstract

*Although the purchase of life insurance policies is increasing, to the best of our knowledge, only few studies have been conducted regarding the purchase intention towards life insurance policies. Hence, this study intends to assess the factors that affect or influence the consumers' purchase intention on life insurance policies. Theory of Reasoned Action (TRA) and Expected Utility Theory (EUT) are used in the study. The independent variables under study are income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms. The purchase intention towards life insurance is taken as the dependent variable. The primary data for the research have been collected through a structured questionnaire survey which was distributed among 384 samples around Kathmandu Valley. A descriptive, causal and correlational research design have been considered for this study. The statistical techniques used for the study include mean, standard deviation, variance, correlation and regression analysis. The findings of the study revealed that income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms have positive effect on consumers' intention to purchase life insurance policies.*



*Key words: Income level, risk attitude, income protection, consumers' insurance knowledge, subjective norms, purchase intention, life insurance*

# CHAPTER I

# INTRODUCTION

## 1.1 Background of the study

The intention to purchase anything is usually affected by several factors. Likewise, the purchase intention of consumers on life insurance policies is affected by various factors as well. In order to assess the variables which impact the buying behavior of insurance customers, it is imperative to understand the insurance industry and all the aspects related to the demand of purchasing insurance policies.

Insurance is a method of managing your risk. Buying an insurance means buying protection or reimbursement against unexpected financial losses. It is a way of hedging a few against the heavy financial impact of the expected loss by dispersing the losses among many who are exposed to homogenous risks (Dewan, 2008).

Basically, insurance involves three parties. The insurance company that provides insurance coverage is known as the Insurer. An individual covered against the risk under the insurance policy is the Insured. Further, a beneficiary or nominee is the person/s entitled to receive benefits of insurance.

Likewise, insurance encompasses a contractual agreement in which the insurer agrees to provide financial protection to the insured against certain specified risks for a price or a consideration known as the premium. Outreville stated that insurance is a major tool of risk management and, it plays an important role in the economic, social and political life of all countries.

The history of insurance industry in Nepal didn't begin until 1947. Before the establishment of "Maal Chalani ra Bima Company", the first insurance company in Nepal, the needs of insurance in the nation were mostly catered by Indian insurance companies. The first insurance company in Nepal was established in 1947 under the ownership of Nepal Bank Limited and, has been renamed as "Nepal Insurance and Transport Company" and "Nepal Insurance Company Ltd." subsequently. The expansion of Nepalese insurance industry began with the reform of its financial sector and liberalization of the economy in 1992. In the same year, the Insurance Act was passed, Insurance Board was established and further, and new insurance companies

were established; this helped in the growth of insurance business in Nepal. (*Principles & Practices of Banking*, 2020)

Until 1972, Indian insurance companies including Life Insurance Corporation of India (LIC) were the life insurance service provider in Nepal. After Rastriya Beema Sansthan (RBS) began operating life insurance business from 1972, LIC voluntarily withdrew from the Nepalese market. (*Principles & Practices of Banking*, 2020)

The life insurance industry has experienced phenomenal growth over the years. However, only few studies have been conducted to unravel the determinants of life insurance demand (Segodi and Sibindi, 2022). Thus, the objective of the study is to analyze various factors that influence the intention of buying life insurance policies among the consumers in Kathmandu Valley. The research is aimed to assess the impact of several factors on the purchase intention of life insurance policies and, it is also directed towards examining the relationship between the variables and the purchase intention of consumers.

### 1.2 Problem statement

In a world full of risks and uncertainties, individuals, families, businesses and assets are exposed to various types and levels of risks. The risks may be loss of life, health, assets, property, etc. Since, the occurrence of uncertain events is beyond anyone's control, insurance – as a financial product has been developed to protect individuals and businesses against such losses by compensating them with financial resources. Further, insurance industry significantly contributes towards the improvement of economic condition of a country as well. An insurance company pools premium amount from multiple policyholders; the accumulated financial resource can be utilized for long-term developmental projects. Also, they provide stability to the functioning of businesses.

The study of factors that influence the purchase intention of customers is necessary for insurance companies to understand and predict the consumer and market behavior. Understanding consumer preferences and purchase behavior helps insurance companies develop a customer centric product, which eventually results in protection of consumers from financial loss and economic development of a nation.

There are several researches aimed to understand the consumer purchase behavior and to investigate the determinants that affect the buying decision on life insurance

policies. However, the literature related to determinants of buying decision is limited in Nepalese context. Thus, it is difficult to make concrete conclusion on the basis of existing literature. Hence, this study is conducted with the aim of fulfilling the gap by investigating the effect of the factors namely, income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms on the buying intention of customers on life insurance policies and is directed towards answering the following research questions:

1) How do the factors influence the purchase intention on life insurance policies?
2) What is the relationship of each variable with the purchase intention on life insurance policies respectively?

### 1.3 Objectives of the study

The major objective of the study is to analyze the factors influencing the purchase decision on life insurance policies among consumers in Kathmandu Valley. The specific purposes of the study are as follows:

1) To assess the impact of income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms on the purchase intention of life insurance policies.
2) To examine the relationship of each variable namely, income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms with purchase intention of life insurance policies respectively.

### 1.4 Hypotheses of the study

Upon review of various literatures, the following hypotheses are prepared in order to study the consumers' purchase intention regarding life insurance policies:

$H_{01}$: There is no significant impact of income level on the purchase intention of life insurance policies.

$H_{02}$: There is no significant impact of risk attitude on the purchase intention of life insurance policies.

$H_{03}$: There is no significant impact of income protection on the purchase intention of life insurance policies.

$H_{04}$: There is no significant impact of consumer's insurance knowledge on the purchase intention of life insurance policies.

$H_{05}$: There is no significant impact of subjective norms on the purchase intention of life insurance policies.

$H_{06}$: There is no significant relationship between income level and purchase intention of life insurance policies.

$H_{07}$: There is no significant relationship between risk attitude and purchase intention of life insurance policies.

$H_{08}$: There is no significant relationship between income protection and purchase intention of life insurance policies.

$H_{09}$: There is no significant relationship between consumers' insurance knowledge and purchase intention of life insurance policies.

$H_{010}$: There is no significant relationship between subjective norms and purchase intention of life insurance policies.

$H_1$: There is significant relationship between income level, risk attitude, income protection, consumers' insurance knowledge, subjective norms and purchase intention of life insurance policies.

### 1.5 Rationale of the study

The study attempts to provide insights on the factors influencing the purchase decision on life insurance policies around consumers in Kathmandu Valley. Similar studies prior to this research have been conducted in different nations. This study focuses on similar issues but intends to extend previous studies and theories in context of Nepal. Thus, the findings of the research may be useful for Nepalese insurance companies to understand the consumer behavior regarding the purchase of life insurance policies. The study of factors included in the literature can assist insurance companies to innovate new and persuasive insurance products for consumers to buy; which will help companies to ensure customer satisfaction and gain competitive advantage among other institutions via quality of its products and services. Further, this research will aid academicians, practitioners and researchers in their researches or study and, aid them to focus on the most prevalent factors that influence the purchase decision on life insurance policies to ensure consumer satisfaction via access of right product to right consumer in the market. The significances of the study are as follows:

1) This study will assist insurance companies to design, redesign and originate policies and products to increase consumer confidence towards insurance.
2) This study will help identify key areas, factors and elements for improving the insurance industry in Nepal.
3) This study will be a useful reference for researchers planning to make similar studies.

### 1.6 Limitations of the study

The following are the major limitations of the study:

1) The study of research is limited to five variables only. So, the focus of the study is just on those five variables.
2) Since, the research method is quantitative only; it doesn't give as complete result as when using mixed methods - qualitative and quantitative.
3) The data for the study has been collected through a self-administered questionnaire. Thus, the validity of the study depends on the accuracy of the information provided by the respondents to be included in the study.
4) The research is limited in terms of generalization level since the number of samples in the study is limited and, is focused on the residents in Kathmandu Valley only.

### 1.7 Chapter plan

The study has been divided into five chapters:

**Introduction**: This is the first chapter of the study that outlines the title of the study in brief. It introduces the subject of the study and states the objectives of the research. It includes the following sub-topics: Problem statement, Objectives of the study, Hypotheses, Rationale or Significance and Limitations of the study.

**Literature review**: The second chapter includes the reviews of writings, reports and studies of prior researchers that are relevant to the current literature. It also consists of the theories that are relevant to the study and, the gaps in prior researches the study intends to fill.

**Research Methodology**: This is the third chapter in the study. It includes the variables that are chosen and focused upon for study. It consists of the design and the methods of study describing the nature, sources and approaches of data collection

from the sample considered to be suitable for the study. Further, it also contains information on data processing and procedure of analysis of the collected data.

**Results and discussion**: The fourth chapter of the study defines the methods and types of analysis used to process the gathered data and information. With the use of tools and techniques for analysis, the degree of relationship between independent and dependent variables is identified. Further, it also includes the comparison between the results/findings of the study with the findings of the reviewed articles included in the literature review.

**Summary and conclusion**: The fifth and the last chapter of the study include the processes followed in the research with discussions of background, objectives and methodology used in brief. The aforementioned contents are followed by the major findings of the study and, the main gist of the findings as a conclusion and implication of the study.

Lastly, extensive references and annexures are presented at the end of the study.

# CHAPTER II
# LITERATURE REVIEW

## 2.1 Introduction

Insurance is a risk management strategy to use an insurance policy as a hedge against uncertain losses. Insurance can cover medical expenses, vehicle/property damage, etc. and guarantees the policyholder that the loss is shared and distributed among multiple people. Some functions of an insurance company include the following:

1) **Protection**

   Insurance doesn't reduce the risk of damage or loss to the insured. However, it provides protection against such loss that an insured may suffer. Insurance pledges a payment for loss and thus, protects the assured from distresses and any kind of anguishes.

2) **Pooling of risk**

   In insurance, the risk is shared between all the policyholders. This strategy works on a principle that not all the policyholders for a specific risk will experience it at the same time. For instance, among ten thousand consumers insured against damage to their cars, only a few of them would have accidents in the same year. Thus, all the policyholders pay their premiums and if one of them suffers loss, then he/she is adequately covered by the insurance premiums paid by all ten thousand policyholders.

3) **Fulfillment of legal requirements**

   In some nations, an insurance coverage is required for some business to engage in any economic activity. For instance, insurance might be mandatory when goods are in transit or when you establish a public space, fire insurance is required. Hence, insurance companies fulfill such requirements for businesses and individuals.

4) **Formation of capital**

   As mentioned earlier, the premiums of all the policyholders are pooled together. Thus, the insurance premiums can be accumulated to create a capital for the insurance company; which can be invested by the insurance company in productive sectors. This, thus, benefits the company itself, individuals (policyholders) and the society as a whole.

**5) Provides certainty**

Insurance assures certainty of payment at the uncertainty of loss. Thus, the insured can feel secure about meeting the future losses after taking coverage for a particular risk (Bjyu's, n.d.). Further, the secured policyholder can proceed with their daily life without fear or hesitation.

The types of insurances that consumers could opt for are as under:

**1) Life Insurance**

Life insurance is a contract between an insurer (generally, an insurance company) and a policyholder, where the insurer assures or promises to pay a predesignated beneficiary or nominee, a sum of money upon the death of an insured person (or often the policyholder). The policyholder has to pay a premium, either in lump sum or on regular basis-monthly, quarterly or yearly. Thus, simply put, the basic purpose of life insurance is to compensate for the income lost due to death of the wage earner. Life insurance could be 'Term life insurance', which covers a policyholder in an event of death only during the covered term of the policy or within a specific period of time or, 'Whole life insurance', which guarantees the amount of premium and pays a sum of money upon death of the policyholder, no matter how long he/she lives.

**2) Non-life insurance**

Non-life insurance or general insurance is a contractual agreement made between the insurance company and the policyholder to avoid the risk of loss of property and liability of the policyholder. It is not related to life insurance and, covers the losses that are incurred from specific financial events. The insurance company is not liable to pay any amount if there are no instances of loss or accident during the insurance coverage period. Non-life insurance could be fire insurance, motor insurance, marine insurance, aviation insurance, engineering and contractor's risk insurance, travel insurance and miscellaneous insurance.

## 2.2 Theoretical review

The theories that are reviewed in this study are: Theory of Reasoned Action (TRA) and the Expected Utility Theory (EUT).

### 2.2.1 Theory of Reasoned Action (TRA)

The Theory of Reasoned Action (TRA) is a cognitive theory that suggests a conceptual framework for understanding human behavior in specific contexts. TRA focuses on theoretical constructs concerned with individual motivational factors as determinants of the likelihood of performing a specific behavior (Glanz, *et al.*, 2008). TRA was developed by Martin Fishbein and Icek Ajzen in 1975 as an improvement over the information integration theory.

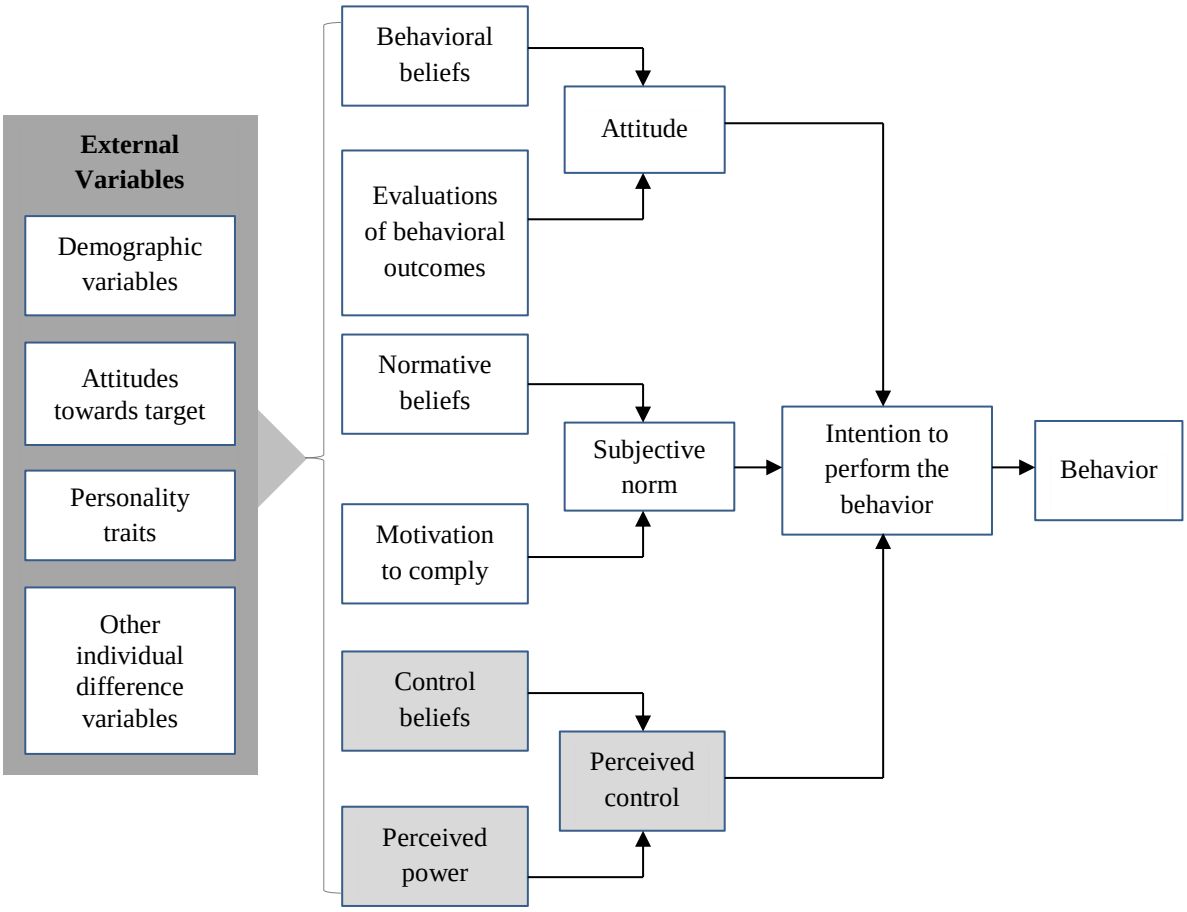


*Figure 1. Theory of Reasoned Action: Theory of planned behavior (Gellman and Turner, 2013)*

The theory of reasoned behavior and the theory of planned behavior are two closely associated theories. The theory intends to explain the relationship between attitudes and behaviors within human action. So, TRA is useful to predict an individual's behavior based on their pre-existing attitudes about the behavior and perceived subjective norms (social pressure). The theory indicates that people tend to perform behaviors if they have positive attitudes towards it and avoid the behavior toward

which they have negative attitudes. And, the attitude is based upon the beliefs and expectations on the possible consequences of the behavior. The TRA is preferably used to predict behaviors relating to voting, health, consumer purchases and religious involvement.

### 2.2.2 Expected Utility Theory (EUT)

According to Edward Elgar, "Expected Utility Theory (EUT) states that the decision maker (DM) chooses between risky or uncertain prospects by comparing their expected utility values, that is, the weighted sums obtained by adding the utility values of outcomes multiplied by their respective probabilities.

Mathematically, Expected Utility (EU) is indicated as: $U(p) = \sum u\,(x_k)p_k$, where, $p_k$ is the probability that outcome indexed by $k$ with payoff $x_k$ is realized, and function $u$ expresses the utility of each respective payoff ("Expected Utility Theory". International Encyclopedia of the Social Sciences, n.d., www.encyclopedia.com. Retrieved June 21, 2022). Ampaw, *et al.* (2018) The theory was formulated by John von Neumann and Oskar Morgenstern in 1944. The primary reason for introducing expected utility, instead of taking the expected value of outcomes, is to explain attitudes towards risk. Expected utility theory enables empirical analysis of choice under uncertainty such as financial decisions ("Expected Utility Theory". International Encyclopedia of the Social Sciences, n.d., www.encyclopedia.com. Retrieved June 21, 2022).

## 2.3 Empirical review

The study is aimed at demonstrating the factors affecting the purchase decision on life insurance policies. It is focused on various determinants influencing the purchase intention on life insurance among several consumers around Kathmandu Valley in Nepal. The below mentioned studies supported that the purchase decision of consumers is affected by various factors such as age, gender, income level, marital status, financial literacy, marketing mix of the insurance companies, company reputation, product knowledge and other factors. The study has reviewed few articles on the related subject matter. The summary of the articles reviewed on this subject matter is presented in *Table 1*:

Table 1

*Review of empirical studies*

| Study | Major Findings |
|---|---|
| Annamalah (2013) | • Revealed that income and education level of the head of the household supported the explanatory variables for life insurance purchase decisions in the Malaysian market. |
| Esau (2015) | • Showed that product, price, promotion, people and process simultaneously affected the consumer purchase decision.<br>• Indicated that Promotion variable had the most significant effect and People variable had the weakest influence in consumer purchase decision. |
| Al-Rawashdeh (2016) | • Implied that variables such as promotion and advertisement, social safety, quality of the insurance policies and comparative advantage have significant effect on the demand of insurance policies in Jordan while other variables such as income and cost of the policies have no effect on the demand of the same. |
| Zakaria, Azmi, Hassan, Salleh, Tajuddin, Sallem, and Noor (2016) | • Indicated that 'saving motives' had the strongest influence in creating a strong intention of purchasing a life insurance policy among the staff of public higher learning institutions. |
| Jetawat and Mistry (2017) | • Concluded that product attractiveness and promotional efforts by insurer must be based on the gender. Indicated that service quality, socialization of respondents and ease of access factors didn't change as per the gender. |
| Ampaw, Amponsah, and Owoo (2018) | • Showed that among males and females, the spectrums viz. ill health status, higher wealth, being self-employed or in wage or salaried employment and residing in upper east, upper west and northern regions in Ghana broadly affect the demand for life insurance similarly.<br>• Further revealed that female heads who are married and with more dependents have higher tendency to purchase life insurance policies. But, in case of male heads, those with higher education are more likely to purchase life insurance policies. |
| Devgan, Kaur, and Kaur (2019) | • Revealed that customer's decision to purchase an insurance product can be affected by several factors viz. gender, age, income level, company reputation, risk coverage, money back guarantee and low premium. |
| Kempa, Pratama, and Sukatmadiredja (2020) | • Identified that decision to purchase an insurance policy is influenced by the reputation of the company and the product knowledge. |
| Nomi and Sabbir (2020) | • Found that the factors such as attitude, subjective norms, risk aversion motives, financial literacy and saving motives have significant positive impact on consumer purchase intention towards life insurance.<br>• Identified that religiosity seems to have a negative impact on buying intention. |
| Parihar and Ghosh (2021) | • Found that there are 6 factors responsible for buying decision making of health insurance policies namely, Awareness, Company related information, Risk, Promotion, Tax benefits and Security. |

Annamalah (2013) indicated that Malaysia contains a large untapped life insurance market due to which demand for life insurance remains low. Therefore, the researcher

aimed to identify the socioeconomic and demographic factors that determine the decisions to purchase life insurance policies and the total policies expenditures on life insurance by Malaysian married couples. The empirical analysis of the primary data revealed that income and education level of the head of the household supports the explanatory variables for life insurance purchase decisions in the Malaysian market.

Esau (2015) investigated the influence of marketing mix of the Prudential Life Assurance Manado Area on the consumer purchase decision of insurance product. The causal research type concluded that product, price, promotion, people and process simultaneously affect consumer purchase decisions in choosing insurance product of Prudential Life Assurance Manado Area signifying the importance of consistency in quality of products and of focus on maintenance of continuity of all five factors of marketing mix in unity for successful increase in sales of insurance product.

Al-Rawashdeh (2016) investigated the determinants of demand on purchasing insurance policies in Jordan. Upon study of the variables such as promotion and advertisement, cost, comparative advantage, social safety, quality and income, the analytical results of the study depicted that variables such as promotion and advertisement, social safety, quality of the insurance policies and comparative advantage have significant effect on the demand of insurance policies in Jordan while other variables such as income and cost of the policies have no effect on the demand of the same.

Zakaria, *et al.* (2016) established that there is significant relationship between financial literacy, saving motives and religiosity among customers and the intention to purchase life insurance policies respectively. Correlation analysis showed that the relationship between the awareness of insurance and financial literacy was moderate while, the relationship between awareness of insurance and religiosity was found to be strong and, between awareness of insurance and saving motives was considered as very strong. The results of multi regression analysis revealed that three predictors chosen in the study have strong influence on the awareness and intention to buy life insurance policies among staff at the three public universities chosen. Additionally, the results of multiple regression analysis indicated that ‘saving motives’ has the strongest influence in creating a strong intention of purchasing a life insurance policy among the staff of public higher learning institutions.

Jetawat and Mistry (2017) tried to attain a better understanding of consumer's behavior for predicting the demand for insurance through demographic analysis. Using factor analysis, the 6 important factors affecting the purchase of a life insurance product were identified as Service Facilities by insurer, Socialization of customer, Easy access for customer, Product Attractiveness, Concern for family needs by customer and Promotions by firm. The study concluded that the insurance company should try to maintain timely and satisfactory service and ease of access for customers by understanding their family needs, especially for married customers as majority of the respondents were found to be married.

In the study of Ampaw, Amponsah and Owoo (2018), the results showed that among both genders, the spectrums viz. ill health status, higher wealth, being self-employed or in wage or salaried employment and residing in upper east, upper west and northern regions in Ghana broadly affect the demand for life insurance similarly. However, in other spectrums the demand was gender definite. That is, female heads who are married and with more dependents had higher tendency to purchase life insurance policies. But, in case of male heads, those with higher education were more likely to purchase life insurance policies.

Devgan, Kaur and Kaur (2019) conducted a study to find out the factors affecting the preferences of customers while purchasing life insurance policies. The result of the study showed that customer's decision to purchase an insurance product can be affected by several factors viz. gender, age, income level, company reputation, risk coverage, money back guarantee and low premium. An easy access to agents attracts consumers in buying life insurance policy.

Kempa, Pratama, and Sukatmadiredja (2020) conducted the study on factors that influence the purchase decisions of consumers in buying insurance policies. The results of the study showed that the decision to purchase an insurance policy is influenced by the reputation of the company and the product knowledge. Further, a good company reputation and product knowledge would influence consumer trust; and, with the higher level of consumer trust, customers could easily decide on the purchase of best insurance policies for them.

Nomi and Sabbir (2020) aimed to examine the factors that influence the consumer purchase intention towards life insurance. The results of the study revealed that the

factors such as attitude, subjective norms, risk aversion motives, financial literacy and saving motives have significant positive impact on consumer purchase intention towards life insurance. Further, religiosity seemed to have a negative impact on buying intention. And, saving motives were found as a mediator in the relationship between risk aversion motives and purchase intention and, between financial literacy and purchase intention as well.

Parihar and Ghosh (2021) conducted a study to determine various factors responsible for the decision making among people while purchasing health insurance policies in Gwalior region. With the help of SPSS 18.0, six factors that play role in buying decision making of health insurance policies were extracted. The factors were Awareness, Company related information, Risk, Promotion, Tax benefits, and Security.

The above reviews implicate study by international researchers. However, only few Nepalese scholars have researched on this topic in context of Nepalese insurance market. Studies by Nepalese researchers on this topic are as follows:

Table 2

*Review of empirical studies in Nepalese context*

| Study | Major Findings |
|---|---|
| Jnawali and Jaiswal (2019) | • The life insurance demand in terms of premium paid was significantly associated with gender, level of education, occupation, economic class, family size and monthly income of respondents.<br>• Life insurance demand was significantly unrelated with age, religion and marital status. |
| Adhikari (2020) | • Service quality, company loyalty, company image, satisfaction level and ease of procedures have positive effect on the consumer perception towards Nepalese insurance product.<br>• Company image followed by company loyalty and satisfaction level were the most dominant factors influencing the consumer perception towards insurance products offered by Nepalese insurance companies. |

Jnawali and Jaiswal (2019) aimed to investigate the factors that affect the buying of life insurance in Kapilvastu district of Nepal. The study explored the relationship between independent variables viz. gender, age group, education level, main occupation, permanent residency, marital status, economic class and approximate monthly income of the respondents and the dependent variable i. e. annual premium

amount paid for the life insurance. The study concluded that the life insurance demand in terms of premium paid is significantly associated with gender, level of education, occupation, economic class, family size and monthly income of respondents whereas life insurance demand is not significantly related with age, religion and marital status. Eventually, the study suggested life insurance companies to emphasize selling of life insurance policies to the people with more income, more family members and educated people.

Adhikari (2020) in an attempt to encompass the literature regarding changing perception of customers towards Nepalese insurance products examined the same through descriptive and causal-comparative research designs. The study is the first to report the evidence from the perspective of customers from Kathmandu Valley and Birgunj Metropolitan City of Parsa district. The research concluded that service quality, company loyalty, company image, satisfaction level and ease of procedures have positive effect on the consumer perception towards Nepalese insurance product. Further, it stated that company image followed by company loyalty and satisfaction level are the most dominant factors influencing the consumer perception towards insurance products offered by Nepalese insurance companies.

### 2.4 Research gap

A research gap indicates the issues not addressed or answered in previous studies in the form of journal articles, books or reports. “Subjective norm” as a factor affecting purchase decision has been considered by only a few researchers. Thus, this study tries to show the effect of ‘subjective norms’ towards the perception of a customer in his/her purchase decision. There have been numerous studies on the factors that affect the purchase decision on life insurance policies offered by insurance companies outside Nepal. However, it is evident that it is not the same in context of Nepal. Only a limited number of studies have been made regarding the determinants of purchase decision of life insurance policies in Nepal. Thus, this study aims to create a foundation for further study on insurance sector in context of Nepal.

# CHAPTER III
# RESEARCH METHODOLOGY

This chapter of the research provides a basic framework, on which the study is based, includes how the data was collected or generated and analyzed; allowing the reader of the study to evaluate its validity and reliability critically.

## 3.1 Research design

This study is undertaken to achieve the goal of examining and analyzing the factors affecting consumers' purchase behavior on life insurance policies. A quantitative approach has been established to conduct the research. Since, the objective of the study is to observe and measure the effects of the identified variables; a descriptive, causal and correlational research design have been adopted. In an attempt to obtain statistical information about the variables that affect the consumers' behavioral intention, the data is collected with the use of a questionnaire; where the data is measured with a 5-point Likert type scale in which "1" is "Strongly Agree" and "5" is "Strongly Disagree".

A descriptive research design has been chosen to look at the respondents' profile and analyze the consumers who have purchased life insurance policies. It is used to determine different characteristics viz. opinions, traits, behaviors, etc. of the respondents. A causal research design has been adopted to determine the cause and effect relationship between the variables involved in the study. The use of causal research design assists in determining the pattern of changes in the dependent variable (buying decision of consumers) due to variations in the independent variables (income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms). Further, a correlational research design has been preferred to measure, understand and assess the statistical relationship between the independent and dependent variables (without controlling or manipulating any of them) under this study. The use of this research design allows the researcher to determine the strength and/or direction (positive or negative) of the relationship between the variables.

## 3.2 Population and sample, and sampling design

The entire population for the study has been selected from the residents of Kathmandu Valley. The targeted population included earning consumers from various age groups,

gender, education level, income level and so on. Further, the target population included existing and prospective life insurance customers. Since, the number of residents around Kathmandu Valley is large and diverse; it is not possible to test every consumer in the population. Thus, respondents were selected using convenient sampling technique. The sample size has been determined as per Cochran (1977) for calculating representative sample size when the population is unknown, with the following formula:

$$n_o = \frac{Z^2 pq}{e^2}$$

Where, $n_o$=Sample size for infinite population

Z=Critical value of desired confidence interval

p=Estimated proportion of an attribute that's present in population

e=Desired level of precision

With Confidence Interval of 95% and 5% margin of error:

Here, Z =1.96, p = 0.5, q = 0.5, e = 0.05

Then,

$n_o = \frac{(1.96)^2 * 0.5 * 0.5}{(0.05)^2}$ = 384, which is the optimal sample size for this study.

### 3.3 Nature and sources of data, and the instrument of data collection

The data used in the research have been collected from primary sources. Primary data was collected through a survey, using a structured questionnaire that was administered online. The questionnaire was intended to collect the personal information of the respondents such as age group, gender, income range, educational level, etc. Further, research questions related to the variables under study and analysis were also included in the questionnaire. The questionnaire included queries to be answered in forms of single choice questions, multiple choice questions, Likert scale, etc. The questions included were collected and based on the findings from the prior researches incorporated in the literature review. The final data consists of responses from 384 samples. The questionnaire used is illustrated in *Annex 1*.

### 3.4 Methods of analysis

The following statistical tools were used to analyze the findings of the data in the study:

#### 3.4.1 Mean

Mean is a simple mathematical average of two or more quantities. It is calculated by dividing the sum of all the values by the number of values. It is a statistical tool used to summarize the data set representing the population in the study and to predict the expected outcome upon comparison of all data points together. In this study, mean is calculated on the whole sample to find out the average of all the responses related to various variables that have been recorded from Likert scale questions.

Mathematically,

$$Mean\ (\bar{X}) = \frac{\sum fx}{N}$$

Where, X=Value of responses of each independent or dependent variable

N=Number of statements

#### 3.4.2 Standard deviation

Standard deviation is the measure of dispersion of statistical data. It is used to determine the extent to which values in a distribution differ from the mean value of the distribution. Standard deviation is calculated as the square root of the variance. If the data points in a distribution are further from the mean, there is higher deviation within the distribution or set. Thus, higher standard deviation represents a more spread out data in a set. The responses provided in Likert scale questions for all samples in the study have been analyzed using a standard deviation to calculate the differences as mentioned above.

Mathematically,

$$Standard\ deviation\ (\sigma) = \sqrt{\frac{\sum(X - \bar{X})^2}{N}}$$

Where, X=Value of responses of each independent or dependent variable

$\bar{X}$=Mean value of responses of each independent or dependent variable

N=Number of responses

### 3.4.3 Variance

Variance is a statistical tool that measures the spread between the values in a set. It specifies how far each value in a set is from the average and how far a value is from every other value in the set. The square of standard deviation is variance. Variance is used to determine the expected difference of deviation from actual value. It depends on the standard deviation of the given data set. In the study, variance is calculated for all samples, to measure the differences between the responses in Likert scale questions. The formula for calculating variance is as follows:

Variance = $(\text{Standard deviation})^2 = \sigma^2$

### 3.4.4 Correlation

Correlation is used to measure the relationship between two variables. The statistical tool determines the degree to which two values move in relation to each other. It depicts the strength of relationship between two variables and is numerically expressed by the correlation coefficient. The correlation values range between -1.0 and +1.0. Values close to -1.0 represent negative correlation; which means the values move in opposite direction to each other. However, values close to +1.0 represent positive correlation; which means as one value moves either up or down, the other values moves in the same direction. A zero correlation means there is no linear relationship between the variables. Correlation is calculated for all samples in the study aimed at all responses provided in Likert scale questions to measure the degree of relationship between the independent and dependent variables.

Mathematically,

$$Correlation\ (r) = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

Where, $n$ = Number of responses

$x$ = Value of independent variables

$y$ = Value of dependent variable

### 3.4.5 Regression

Regression analysis is used to determine the strength of relationship between one dependent variable and series of various independent variables. It includes multiple techniques or variations to model and analyze several variables, and understand the relationship between them. The regression for responses provided in Likert scale for all samples is calculated in this study to test the impact of independent variables on dependent variables and, to find out the direction of relationship between such variables. The theoretical model for the relationship is formulated as an equation below:

$$Y=a+b_1X_1+b_2X_2+b_3X_3+b_4X_4+b_5X_5+\epsilon$$

Where, Y=Consumers' purchase intention on life insurance policies

a=Intercept

$X_1$=Income level

$X_2$=Risk attitude

$X_3$=Income protection

$X_4$=Consumers' insurance knowledge

$X_5$=Subjective norms

$B_1$=Coefficient of income level

$B_2$=Coefficient of risk attitude

$B_3$=Coefficient of income protection

$B_4$=Coefficient of consumers' insurance knowledge

$B_5$=Coefficient of subjective norms

$\epsilon$=Error term

### 3.5 Conceptual framework and definition of the variables

A conceptual framework defines the variables based on which the study is carried on. The purpose of this study is to determine the variables that influence the buying decision of consumers on life insurance products. An individual's intention to purchase a life insurance policy is a function of various independent variables such as

income level, risk attitude, income protection, consumers' insurance knowledge, subjective norms and so on.

The conceptual framework of the study is as shown in *Figure 2*:

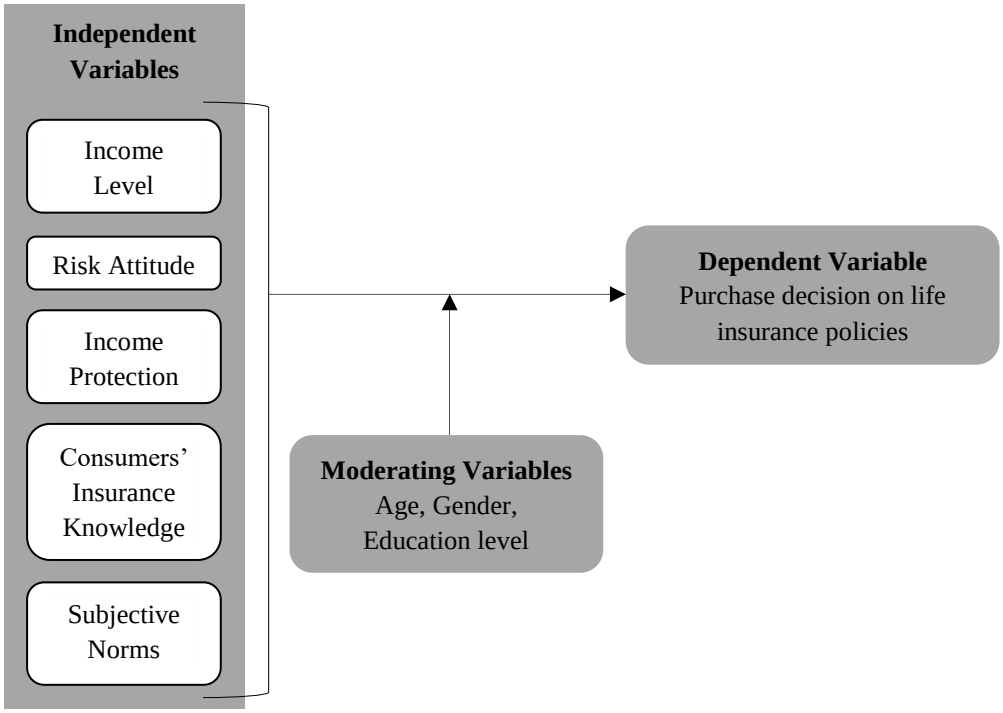


*Figure 2. Conceptual framework showing the independent and dependent variables*

Thus, as implicated in the conceptual framework, the study is targeted to determining the effect of selected variables viz. income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms on consumer's intention to purchase life insurance products with the effect of moderating variables – age, gender and education level. The study of the research is limited to the investigation of aforementioned five variables only as demographic variables (age, gender, marital status, etc.) and other popular variables have been chosen for study by prior researchers multiple times. Further, since the selected variables relate to the insight and opinion from within the consumer him/herself, a more authentic and peculiar conclusion can be drawn from the study. The results of the study will be more reliable for insurance companies and other institutions to understand consumer behavior for future research, development, and generation of marketing strategies and policies.

### 3.6 Operational definition of variables

**Independent variables**

The different variables that affect consumers' purchase intention on life insurance policies serve as the independent variables for the research. Those variables include the following:

**1) Income level**

Income level refers to the amount of money earned by an individual over a given period of time, generally in a month. An individual's income can determine his/her intention to make a purchase. Suvadarshini and Mishra (2021) have showed that income should be focused as an essential demographic element for segmenting the consumers and all income groups should be considered as distinct, identifiable and heterogeneous markets.

In case of employed individuals, white-collar employees have stable job and fixed income but blue-collar employees are paid based on hours, due to which their future earning is uncertain. Further, the inability of blue-collar employees to work for a particular period of time will mean that they won't be paid for that period of time. However, in case white-collar employees get sick they are eligible for paid medical leave. Thus, the white-collar employees earn a higher salary than blue-collar employees, and therefore may have greater intention and capability to purchase life insurance.

**2) Risk attitude**

According to Cambridge Dictionary, "Attitude is a feeling or opinion about something or someone, or a way of behaving that is caused by this." Consumer attitude is a sensation towards something and a feeling if it is favorable or unfavorable. And, favorableness refers to the quality of assurance towards a successful outcome. Attitude of a consumer generally comprises of three elements: cognition, affection and behavioral intention towards an object. Likewise, it can be said that attitude comprises of beliefs or thoughts, feelings and behaviors or intentions towards something particular, usually a product or service. For an instance, if a customer feels that buying a product is beneficial (either now or in future) he/she intends to purchase it (Consumer Attitudes: Definition & Changes, 2016).

Risk attitude refers to the nature or inclination of a consumer if they are willing to take risk or not. Risk attitude can be of three types: Risk seeker – who enjoy risk and focus on getting benefits; Risk averser – who don't like uncertainty and would rather purchase something certain with less benefit or reward; and, Risk neutral – who are calculative and compute all pros and cons before deciding to take risk or not.

Similarly, when an individual intends to purchase a life insurance policy, his/her risk attitude plays a critical role in the purchase intention. Parihar and Ghosh (2021) have concluded that risk is one of the factors that are responsible for buying decision making of health insurance policies among the consumers. A risk averse individual might be more inclined to purchase life insurance in order to minimize risk of losing wealth due to uncertain events such as sickness, than a less risk averse individual.

**3) Income protection**

Wilfred (2020) Income protection refers to the situation where an individual desires to leave their wealth to inheritance so that their intended heirs can utilize them to lead an easier life in future. In past studies by Lewis (1989) as cited in Wilfred (2020) and Berheim (1991) as cited in Wilfred (2020), the desire of individuals to leave their inheritance to intended heirs have led to an increase in the demand for health insurance as they want to protect their income from being used in uncertain situations. The desire to leave wealth in form of claims for the beneficiaries in event of untimely death or illness of the bread winner has maximized the intention of purchasing a life insurance policy among households in a community.

**4) Consumers' insurance knowledge**

A consumer's decision making is prominently affected by his/her knowledge on the product or service. Ellis, Pitt, and Berthon (2015) However, there are two important sides to consumer knowledge: first, there is what consumers really know, or objective knowledge; second, there is what consumers think they know, or subjective knowledge. What the consumer knows is important in every stage of the purchase decision-making process: from the time the individual becomes aware of a need, through defining their problem, searching for information, evaluating alternatives, making a purchase, and then consuming the

product or service and entering the post-purchase phase. It is found that consumers with greater objective knowledge tend to engage in higher degree of search activity before making a purchase. But, it is the opposite in case of consumers with greater subjective knowledge. They tend to engage more in purchase-related behaviors.

Furthermore, consumers tend to make purchase decision based on the relationship between self-knowledge and product knowledge. Thus, a consumer is highly satisfied with the purchase if he/she is aware about his/her feelings, attributes, motivations and abilities (an accurate perception of self-knowledge), and has an accurate perception of product knowledge as well (Ellis, Pitt, and Berthon, 2015). When purchasing a life insurance policy, the knowledge that a consumer has on the product affects the scheme he/she purchases. A consumer with objective knowledge will research on the available products available in the insurance market and then, make a purchase after ascertaining his/her intentions and motivation towards the purchase. Whereas, a consumer with higher subjective knowledge might make an arbitrary purchase either by not realizing his/her own intentions, or by giving into social norms/pressure or by falling for manipulative techniques of the seller of the policies.

**5) Subjective norms**

As social beings living in a society or a community, it is obvious that social norms and pressures affect or influence our behavior. Ajzen (1991) established that subjective norms refer to perceived social pressure from other persons on whether or not to perform the specific behavior. Societal norms can influence a person's way of dressing, voting, buying and affect other behavioral choices as well.

Subjective norms can be measured and analyzed from two perspectives, namely Social norms and Descriptive norms (Ham, Jeger, and Ivković, 2015). An individual's behavior can be influenced by the expectations set by groups of important people (viz. family, relatives, friends, work colleagues and society) in terms of whether an individual should or shouldn't engage in a behavior. This construct of subjective norms, where the strength of the normative belief of an individual is subjective to the individual's motivation to comply with the aforementioned specific referent group, is labelled as social norms.

Descriptive norms incorporate the behavior of family, friends, colleagues and society in general and references that an individual's behavior may not only be influenced by what other people think but also by how other behave. Thus, an individual's behavior is inclined to the actions and opinions of referent groups.

Likewise, when an individual intends to buy a life insurance policy, the choice of the insurance scheme, the insurance company and the features of the policy might be motivated by his/her friends' and/or work colleagues' perception and purchase behavior. Further, the individual's decision whether to purchase a life insurance policy or not, might be influenced by the fact that his/her friends and/or colleagues have purchased one or not.

**Moderating variables**

The demographic variables that affect consumers' purchase intention on life insurance policies are the moderating variables for the research. Those variables include of:

**1) Age**

The study has been undertaken by attempting to include consumers of every age group. The age of respondents has been categorized into four divisions: Less than 25 years old, 25-35 years old, 36-50 years old and 51 years old and above.

**2) Gender**

Gender tends to distinguish the intention of consumers towards insurance policy purchase. The research has considered three types of gender: male, female and others.

**3) Education level**

The research has incorporated consumers from different educational level. It has included consumers with the following degrees: MPhil/PhD, master's degree, bachelor's degree, intermediate (+2), SLC and below SLC (School level).

**Dependent variable**

The research is conducted to assess the impact of various variables on purchase intention towards life insurance policies. Thus, the purchase intention towards life insurance policies of consumers around Kathmandu Valley is the dependent variable in the study.

### 3.7 Reliability and validity analysis

The questionnaire items selected for the study included queries used to generate demographic information of the respondents along with questions on the variables under study in the form of Likert scale ranging from 1 to 5. Prior to using the questionnaire on targeted population or sample, the context validity and reliability of the same was established through a pilot test; in which 30 questionnaires were distributed to the respondents. The questionnaire had been adapted to suit the Nepalese context and Cronbach's alpha was used to measure the reliability of the variable items i.e. income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms. Since all the measures were positive none of them were reverse scored to avoid biased response. The Cronbach's alpha coefficient generated from the test is depicted in *Table 3*:

Table 3

*Reliability test of the variables*

| Variables | Number of items | Cronbach's alpha (α) |
|---|---|---|
| Income level | 3 | 0.692 |
| Risk attitude | 4 | 0.853 |
| Income protection | 3 | 0.864 |
| Consumers' insurance knowledge | 3 | 0.758 |
| Subjective norms | 4 | 0.832 |

Generally, a Cronbach's alpha coefficient of at least 0.60 indicates the reliability and acceptability of data. As shown in *Table 3*, the scales have Cronbach's alpha coefficient ranging from 0.692 to 0.864, which indicates an acceptable degree of reliability and validity of the questionnaire.

# CHAPTER IV
# RESULTS AND DISCUSSION

The study is oriented towards assessing the factors that influence the buying decision of consumers on life insurance. It aims to analyze the data collected from the questionnaire by the use of various statistical tools and techniques and, intends to present the findings of the analysis based on descriptive analysis and inferential analysis.

## 4.1 Analysis of data

The study is based on the data collected from a survey conducted by using a structured questionnaire. The responses have been collected from 384 samples. In the survey questionnaire, the respondents were requested to answer in various ways: Yes or No, multiple choice options, and Likert scale options. To collect the perception of respondents on the variables, a 5-point Likert scale has been used, where one is considered as Strongly Agree and five as Strongly Disagree to the statement. The responses collected have been arranged, tabulated and analyzed to accomplish the descriptive analysis of the study. The data were analyzed using correlation and regression analysis. The calculations have been made by the application of the statistical software - IBM SPSS Statistics 20.

### 4.1.1 Demographic analysis

A respondent profile has been extracted to give details on the age group, gender, education level, monthly income and residence of the participants in the questionnaire survey. The demographic results are shown in *Table 4*.

Among 384 respondents to the questionnaire survey, 47 respondents were 51 years old and above, 149 respondents belonged to the group of 36 to 50 years old, 132 respondents were from 25 to 35 years old and 56 respondents were less than 25 years old. *Table 4* shows that 12.20% of the respondents were of 51 years old or above, 38.80% of the respondents belonged to 36 to 50 years age group, 34.40% of the respondents belonged to the age group of 25 to 35 years old and, 14.60% of the respondents were less than 25 years old.

The composition of respondents on the basis of gender showed that out of 384 respondents, 156 were male and 228 were female. Males represent 40.60% of the

respondents and females represent 59.40% of the respondents in the sample. As the results clearly indicate, the number of male is less than number of female in the sample; which shows that females are more inclined to purchase life insurance policies than males.

Table 4

*Demographic results of the survey*

| Variables | Frequency | Percentage (%) | Cumulative % |
|---|---|---|---|
| Age group | | | |
| 51 years old and above | 47 | 12.20 | 12.20 |
| 36-50 years old | 149 | 38.80 | 51.00 |
| 25-35 years old | 132 | 34.40 | 85.40 |
| Less than 25 years old | 56 | 14.60 | 100.00 |
| Total | 384 | 100.00 | |
| Gender | | | |
| Female | 228 | 59.40 | 59.40 |
| Male | 156 | 40.60 | 100.0 |
| Total | 384 | 100.00 | |
| Education level | | | |
| MPhil/PhD | 6 | 1.60 | 1.60 |
| Master's Degree | 179 | 46.60 | 48.20 |
| Bachelor's Degree | 157 | 40.90 | 89.10 |
| Intermediate (+2) | 37 | 9.60 | 98.70 |
| SLC | 3 | 0.80 | 99.50 |
| Below SLC (School Level) | 2 | 0.50 | 100.00 |
| Total | 384 | 100.00 | |
| Monthly income level (in Nepalese Rupees) | | | |
| 10,000 to 25,000/month | 23 | 6.00 | |
| 25,001 to 50,000/month | 132 | 34.40 | |
| 50,001 to 1 lakh/month | 132 | 34.40 | |
| More than 1 Lakh/month | 97 | 25.20 | |
| Total | 384 | 100.00 | |
| District (in Kathmandu Valley) | | | |
| Bhaktapur | 67 | 17.40 | |
| Kathmandu | 180 | 46.90 | |
| Lalitpur | 137 | 35.70 | |
| Total | 384 | 100.00 | |

Out of 384 respondents, 6 respondents were from MPhil/PhD level, 179 respondents were from Master's level, 157 respondents were from Bachelor's level, 37 respondents were from Intermediate (+2) level, 3 respondents were from SLC level and 2 respondents were from Below SLC (School level). As shown in *Table 4*, the highest percentage of respondents in terms of education level were represented by Master's level, and subsequently by Bachelor's level consisting of 46.60% and 40.90% respectively. There were only minimal percent of respondents from other levels of education.

*Table 4* shows that out of the entire sample size of 384, only 23 respondents i. e. 6% have the monthly income from NRs. 10,000 to 25,000, 132 respondents (34.40%) earn between NRs. 25,001 to 50,000 per month and the same number and percentage of respondents earn between NRs. 50,001 to 1 lakh per month. Further, 97 respondents, which constitute 25.20% of the total respondents have a monthly income of more than NRs. 1 lakh.

The study was based on consumers around Kathmandu Valley. Thus, the questionnaire survey included an option for the respondents to choose between three districts in Kathmandu Valley to indicate their place of residence. *Table 4* shows that the maximum number of respondents i. e. 180 (46.9%) currently live in Kathmandu district. Further, 137 respondents currently reside in Lalitpur district. It represents 35.70% of the total respondents. Lastly, 67 respondents i. e. 17.40% currently reside in Bhaktapur district.

### 4.1.2 Opinion on long-term physical conditions or health issues in immediate family members of the respondents

There are multiple factors influencing the consumers' behavioral intention to purchase a life insurance policy. Present or past health conditions of members in a family might have an effect on the intention of purchasing a life insurance among consumers. Thus, the opinion of respondents on long-term physical conditions or health issues in their immediate family members was recorded through the structured questionnaire survey. As shown in *Table 5*, only 57 out of 384 respondents i. e. 14.80% established that at least a member in their family had long-term physical condition or health issues while none of the immediate family members' of 327 respondents (85.20%) had any long-term physical conditions or health issues.

Table 5

*Opinion on long-term physical conditions or health issues in immediate family members of the respondents*

| Response | Frequency | Percentage (%) |
|---|---|---|
| Yes | 57 | 14.80 |
| No | 327 | 85.20 |
| Total | 384 | 100.00 |

### 4.1.3 Numbers of insurance policies purchased by respondents

*Table 6* displays the number of insurance policies the respondents to the questionnaire survey have purchased. Most of the respondents have purchased a single policy only. As indicated in the table below, 356 respondents out of 384 respondents have purchased one insurance policy. Further, 25 and 3 respondents have purchased two and three insurance policies respectively. Furthermore, the percentage of respondents who have bought one insurance policy is 92.70%, two insurance policies are 6.50% and three insurance policies is minimal 0.80% only.

Table 6

*Numbers of insurance policies purchased by the respondents*

| No. of insurance policies | Frequency | Percentage (%) |
|---|---|---|
| 1 | 356 | 92.70 |
| 2 | 25 | 6.50 |
| 3 | 3 | 0.80 |
| Total | 384 | 100.00 |

### 4.1.4 Type of insurance policy purchased by respondents

Several types of insurance policies or schemes are available in the Nepalese insurance market for the consumers to choose from. *Table 7* shows the types of insurance policies that were purchased by the respondents to the questionnaire survey. The respondents might have purchased more than one insurance policy within a single time period. The most popular types of insurance policies among the respondents were Endowment plan and Term plan with the frequency of purchase of 199 (i. e. 48.50%) and 138 (i. e. 33.70%) respectively. Whole life plan have been preferred 53 times which constitute 12.90% of the total number of policies purchased; followed by Children's education plan that have been purchased 16 times (3.90%). And, retirement plan has been purchased 3 times only with a percentage of 0.70%. One respondent didn't know the nature of insurance policy purchased by them.

Table 7

*Type of insurance policy purchased by the respondents*

| Types of insurance policies | Frequency | Percentage (%) |
|---|---|---|
| Endowment plan | 199 | 48.50 |
| Term plan | 138 | 33.70 |
| Whole life plan | 53 | 12.90 |
| Children's education plan | 16 | 3.90 |
| Retirement plan | 3 | 0.70 |
| Don't know | 1 | 0.20 |
| Total | 410 | 100.0 |

### 4.1.5 Insurance companies chosen by respondents

Among 19 life insurance companies established in the Nepalese insurance industry, the most popular insurance companies among the respondents of the questionnaire survey were: Nepal Life Insurance Company, chosen by 66 respondents (16.10%), National Life Insurance Company, picked by 65 respondents (15.90%), Life Insurance Corporation (Nepal), selected by 50 respondents (12.20%), Prime Life Insurance Company, preferred by 31 respondents (7.60%) and Rastriya Beema Sansthan favored by 30 of the respondents (7.30%).

Since, some of the respondents have purchased more than one insurance policy; the same respondent might have purchased life insurance policies from more than one insurance company. As indicated in *Table 8*, the two least chosen insurance companies included Union Life Insurance Company (0.70%) and Mahalaxmi Life Insurance Company (0.50%).

Table 8

*Insurance companies chosen by the respondents*

| Insurance companies | Frequency | Percentage (%) |
|---|---|---|
| Nepal Life Insurance Company Limited | 66 | 16.1 |
| National Life Insurance Company Limited | 65 | 15.9 |
| Life Insurance Corporation (Nepal) Limited | 50 | 12.2 |
| Prime Life Insurance Company Limited | 31 | 7.6 |
| Rastriya Beema Sansthan | 30 | 7.3 |
| Asian Life Insurance Company Limited | 28 | 6.8 |
| Gurans Life Insurance Company Limited | 28 | 6.8 |
| Jyoti Life Insurance Company Limited | 23 | 5.6 |
| Surya Life Insurance Company Limited | 17 | 4.1 |
| American Life Insurance Company Limited (MetLife) | 13 | 3.2 |
| Prabhu Life Insurance Company Limited | 12 | 2.9 |
| Reliable Nepal Life Insurance Limited | 11 | 2.7 |
| Citizen Life Insurance Company Limited | 8 | 2 |
| Sanima Life Insurance Company Limited | 7 | 1.7 |
| Sun Nepal Life Insurance Company Limited | 7 | 1.7 |
| Reliance Life Insurance Limited | 5 | 1.2 |
| I.M.E. Life Insurance Company Limited | 4 | 1 |
| Union Life Insurance Company Limited | 3 | 0.7 |
| Mahalaxmi Life Insurance Company Limited | 2 | 0.5 |
| Total | 410 | 100 |

### 4.1.6 Survey on income level

Respondents were asked to provide their views regarding given statements on income level to measure the perceived impact of income level on purchase intention of life insurance policies. The information was collected by using 5-point Likert scale.

Table 9

*Survey on income level*

| Statements | Ratings | | | | | Total responses | Mean | SD | Variance | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| | SA | A | N | DA | SDA | | | | | |
| IL1 | 293 | 85 | 3 | 3 | 0 | 384 | 1.26 | 0.51 | 0.26 | 1 |
| IL2 | 122 | 172 | 74 | 13 | 3 | 384 | 1.97 | 0.85 | 0.72 | 3 |
| IL3 | 239 | 137 | 6 | 2 | 0 | 384 | 1.40 | 0.55 | 0.30 | 2 |
| Grand weighted mean | | | | | | | 1.54 | | | |

Where,

IL1=I portion a part of my monthly income as an insurance premium.

IL2=As income increases, the purchase of insurance also increases.

IL3=I buy life and health insurance based on the income earned.

*Table 9* shows that maximum number of respondents with the mean score of 1.26 and a standard deviation of 0.51 strongly agreed that they portion a part of their monthly income as an insurance premium. The respondents also agreed that as their income increases, the purchase of insurance increases as well with the mean value of 1.97 and a standard deviation of 0.85. Further, with the mean score of 1.40 and a standard deviation of 0.55, the respondents strongly agreed that they buy life and health insurance based on their income earned. Eventually, the grand weighted mean for the statements related to income level is 1.54. The lowest standard deviation indicates the consistency in the scores, thus it reflects the consensus on the statement, “I portion a part of my monthly income as an insurance premium.” compared to other statements of the variable income level. The highest variance, 0.72 indicates that the respondents had divergent opinions on the statement, “As income increases, the purchase of insurance also increases”. While some respondents purchased additional insurance policies as income increased, others did not. Also, the statement with the mean value as 1.26 is the closest to the mean value 1, thus it has been ranked as “1”. It indicates that the respondents have given the most priority to the statement: I portion a part of my monthly income as an insurance premium.

### 4.1.7 Survey on risk attitude

Four statements were presented to the respondents in order to collect their perceived impact of risk attitude on purchase intention of life insurance policies. The respondents valued the statements on the basis of their judgement, perception and experience by rating the stated information on predefined 5-point Likert scale where 1 is Strongly Agree and 5 is Strongly Disagree.

Table 10

*Survey on risk attitude*

| Statements | Ratings | | | | | Total responses | Mean | SD | Variance | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| | SA | A | N | DA | SDA | | | | | |
| RA1 | 151 | 225 | 7 | 1 | 0 | 384 | 1.63 | 0.54 | 0.29 | 4 |
| RA2 | 215 | 162 | 7 | 0 | 0 | 384 | 1.46 | 0.53 | 0.29 | 1 |
| RA3 | 192 | 175 | 17 | 0 | 0 | 384 | 1.54 | 0.58 | 0.34 | 2 |
| RA4 | 175 | 189 | 19 | 1 | 0 | 384 | 1.60 | 0.60 | 0.36 | 3 |
| Grand weighted mean | | | | | | | 1.56 | | | |

Where,

RA1=I am a risk adverse person.

RA2=I purchase life insurance as it provides financial safety.

RA3=Guaranteed benefits should anything happen, build my confidence to buy insurance.

RA4=Past sickness drives me to purchase insurance.

*Table 10* discloses that majority of the respondents agreed that they are risk adverse person with the mean value of 1.63 and standard deviation of 0.54. With the mean score of 1.46 and standard deviation of 0.53, maximum number of respondents strongly agreed that they purchase life insurance as it provides them financial safety. Likewise, majority of respondents also agreed to the statement: Guaranteed benefits should anything happen, build my confidence to buy insurance. The mean value for the statement is 1.54 and standard deviation is 0.58. Lastly, with the mean score of 1.60 and standard deviation of 0.60, it was agreed that past sickness drove respondents to purchase insurance. And, the grand weighted mean for the independent variable is 1.56. The lowest standard deviation indicates the consistency in the scores, thus it reflects the consensus on the statement, “I purchase life insurance as it provides financial safety.” compared to other statements of the variable risk attitude. And, the statement with the mean value as 1.46 is the closest to the mean value 1, thus it has

been ranked as “1”. It indicates that the respondents have given the most priority to financial safety when purchasing an insurance policy.

### 4.1.8 Survey on income protection

The responses of the respondents on statements designed to collect perceived impact of income protection on purchase intention of life insurance have been tabulated in *Table 11*. The study used 5-point Likert scale to collect the stated information.

Table 11

*Survey on income protection*

| Statements | Ratings | | | | | Total responses | Mean | SD | Variance | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| | SA | A | N | DA | SDA | | | | | |
| IP1 | 214 | 164 | 6 | 0 | 0 | 384 | 1.46 | 0.53 | 0.28 | 1 |
| IP2 | 220 | 154 | 9 | 1 | 0 | 384 | 1.46 | 0.56 | 0.31 | 1 |
| IP3 | 183 | 192 | 8 | 1 | 0 | 384 | 1.55 | 0.55 | 0.31 | 2 |
| Grand weighted mean | | | | | | | 1.49 | | | |

Where,

IP1=I purchase insurance for future health care expenditures.

IP2=If I am unable to work due to illness or injury, my family will be okay once they get insurance.

IP3=In event of death, the accumulated bills or debt I might have availed can be paid off by insurance benefits.

*Table 11* exhibits that majority of the respondents strongly agreed on the statements that they purchase insurance for future health care expenditures and if they are unable to work due to illness or injury, their family will be okay once they get insurance respectively. The mean score for the two statements is same i. e. 1.46; however, the standard deviation values are 0.53 and 0.56 respectively. With the mean value of 1.55 and standard deviation of 0.55, 192 respondents out of 384 respondents agreed that in event of death, the accumulated bills or debt they might have availed could be paid off by the insurance benefits. Lastly, the grand weighted mean for variable, income protection is 1.49. The variance values of the responses in all the statements of variable, income protection indicate that there are divergent opinions among the respondents. The statements with the mean value as 1.46 are the closest to the mean value 1, thus they have been ranked as “1”. It indicates that the respondents have given the most priority to the two statements: I purchase insurance for future health care expenditures and, If I am unable to work due to illness or injury, my family will be okay once they get insurance.

### 4.1.9 Survey on consumers' insurance knowledge

The consumers' insurance knowledge and its impact on purchase intention of life insurance were measured with the help of responses on the statements mentioned in *Table 12* and a 5-point Likert scale. By analyzing the tabulated responses of the respondents, it is evident that majority of the respondents agreed that they often give advice to others to buy insurance according to their needs and also, they agreed that they know the difference between different schemes such as "Term Plan" and "Endowment Plan". The mean score for the statements are 1.74 and 1.61 respectively. And, the standard deviation for the statements is 0.81 and 0.62 respectively. Majority of the respondents strongly agreed to the statement, non-disclosure or misrepresentation of information relating to the subject matter of insured may cause to reject the insurance claim, with a mean score of 1.54 and standard deviation of 0.60. The grand weighted mean for the independent variable, consumers' insurance knowledge is 1.63. Thus, it exhibits that the consumers have sufficient knowledge of insurance and its schemes; and, the knowledge has significant impact on buying decision of consumers on life insurance policies. The statement with the mean value as 1.54 is the closest to the mean value 1, thus it has been ranked as "1". It indicates that the respondents have given the most priority to the statement: Non-disclosure or misrepresentation of information relating to the subject matter of insured may cause to reject the insurance claim.

Table 12

*Survey on consumers' insurance knowledge*

| Statements | Ratings | | | | | Total responses | Mean | SD | Variance | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| | SA | A | N | DA | SDA | | | | | |
| K1 | 166 | 169 | 35 | 10 | 4 | 384 | 1.74 | 0.81 | 0.66 | 3 |
| K2 | 198 | 165 | 21 | 0 | 0 | 384 | 1.54 | 0.60 | 0.36 | 1 |
| K3 | 177 | 182 | 24 | 1 | 0 | 384 | 1.61 | 0.62 | 0.38 | 2 |
| Grand weighted mean | | | | | | | 1.63 | | | |

Where,

K1=I often give advice to others to buy insurance according to their needs.

K2=Non-disclosure or misrepresentation of information relating to the subject matter of insured may cause to reject the insurance claim.

K3=I know the difference between the different schemes such as "Term Plan" and "Endowment Plan".

### 4.1.10 Survey on subjective norms

*Table 13* reveals that majority of respondents agreed with the statement, I may purchase insurance by the influence of news with the mean value of 1.95 and standard deviation of 0.82. Further, with the mean score of 1.56 and 0.63, maximum number of respondents strongly agreed that several of the respondents' friends think that one should buy life insurance policies. Likewise, majority of the respondents also agreed strongly that their family members think taking a life insurance policy is necessary with a mean of 1.53 and standard deviation of 0.59. 176 out of 384 respondents agreed that they felt a social obligation to invest in an insurance policy as they knew the life insurance agent socially. The mean value for the aforementioned statement is 2.10 and the standard deviation is 0.90. And, the grand weighted mean for the independent variable, subjective norms is 1.79 which is the highest among other independent variables. Thus, it can be concluded that respondents feel obligated to purchase a life insurance policy due to social norms. Also, it is evident that the factor, subjective norms has the greatest influence on consumers' purchase intention of life insurance policies. The highest variance of 0.82 indicates that the respondents have diverse opinions on if they feel a social obligation to buy an insurance policy if they know the life insurance agent socially or not. And, the statement with the mean value as 1.53 is the closest to the mean value 1, thus it has been ranked as "1". It indicates that the respondents are most influenced by their family members' thought on taking a life insurance while purchasing a policy.

Table 13

*Survey on subjective norms*

| Statements | Ratings | | | | | Total responses | Mean | SD | Variance | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| | SA | A | N | DA | SDA | | | | | |
| SN1 | 112 | 200 | 56 | 11 | 5 | 384 | 1.95 | 0.82 | 0.67 | 3 |
| SN2 | 194 | 167 | 20 | 3 | 0 | 384 | 1.56 | 0.63 | 0.40 | 2 |
| SN3 | 195 | 175 | 12 | 2 | 0 | 384 | 1.53 | 0.59 | 0.34 | 1 |
| SN4 | 100 | 176 | 87 | 12 | 9 | 384 | 2.10 | 0.90 | 0.82 | 4 |
| Grand weighted mean | | | | | | | 1.79 | | | |

Where,

SN1=I may purchase insurance by the influence of news.

SN2=Several of my friends think that one should buy life insurance policies.

SN3=My family members think taking a life insurance policy is necessary.

SN4=Knowing the life insurance agent socially, I felt a social obligation to invest in an insurance policy.

### 4.1.11 Analysis on insurance purchase intention

*Table 14* shows that majority of respondents strongly agreed that they purchase a life insurance policy to control their spending behavior. At the same time, they also strongly agreed that they invest in insurance as a long term personal financial planning, and also that, they feel life insurance is a good investment option compared to other options. The mean values for the aforementioned statements are 1.48, 1.71 and 1.43 respectively. Further, the standard deviations are 0.61, 0.78 and 0.57 respectively. 189 out of 384 respondents agreed that it is likely they will purchase a life insurance policy in future with the mean value of 1.60 and standard deviation of 0.60. And, the statement with the mean value as 1.43 is the closest to the mean value 1, thus it has been ranked as "1". It indicates that most respondents feel that life insurance is a good investment option compared to other options; thus, this influences their purchase behavior on life insurance policies.

Table 14

*Analysis on insurance purchase intention*

| Statements | Ratings | | | | | Total responses | Mean | SD | Variance | Rank |
|---|---|---|---|---|---|---|---|---|---|---|
| | SA | A | N | DA | SDA | | | | | |
| PI1 | 215 | 160 | 5 | 2 | 2 | 384 | 1.48 | 0.61 | 0.37 | 2 |
| PI2 | 171 | 169 | 32 | 9 | 3 | 384 | 1.71 | 0.78 | 0.61 | 4 |
| PI3 | 231 | 144 | 7 | 1 | 1 | 384 | 1.43 | 0.57 | 0.33 | 1 |
| PI4 | 174 | 189 | 20 | 1 | 0 | 384 | 1.60 | 0.60 | 0.36 | 3 |
| Grand weighted mean | | | | | | | 1.56 | | | |

Where,

PI1=I purchase a life insurance policy to control my spending behavior.

PI2=I will invest in insurance as my long term personal financial planning.

PI3=I feel life insurance is a good investment option compared to other options.

PI4=It is likely that I will purchase a life insurance policy in future.

### 4.1.12 Correlation analysis

In the study, the correlation analysis is calculated between various influential factors and consumers' purchase intention on life insurance policies. The factors affecting consumers' purchase intention, which are under study, are income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms.

Table 15

*Relationship between variables for all samples*

| Variables | | Income level | Risk attitude | Income protection | Consumers' insurance knowledge | Subjective norms | Purchase intention |
|---|---|---|---|---|---|---|---|
| Income level | Pearson Correlation<br>Sig. (2-tailed) | 1 | | | | | |
| Risk attitude | Pearson Correlation<br>Sig. (2-tailed) | .313**<br>(0.000) | 1 | | | | |
| Income protection | Pearson Correlation<br>Sig. (2-tailed) | .366**<br>(0.000) | .116*<br>(0.023) | 1 | | | |
| Consumers' insurance knowledge | Pearson Correlation<br>Sig. (2-tailed) | .333**<br>(0.000) | .327**<br>(0.000) | .015<br>(0.765) | 1 | | |
| Subjective norms | Pearson Correlation<br>Sig. (2-tailed) | .411**<br>(0.000) | .289**<br>(0.000) | .329**<br>(0.000) | .391**<br>(0.000) | 1 | |
| Purchase intention | Pearson Correlation<br>Sig. (2-tailed) | .270**<br>(0.000) | .190**<br>(0.000) | .274**<br>(0.000) | .424**<br>(0.000) | .285**<br>(0.000) | 1 |

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

*Table 15* indicates the correlation analysis of all the variables under study conducted for the whole sample. As depicted in the table, the correlation for all samples between purchase intention and income level is found to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.270. Similarly, the relationship between purchase intention and risk attitude is found to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.190. The correlation analysis between purchase intention and income protection indicates that the correlation coefficient is 0.274. This indicates a positive relationship between purchase intention and income protection significant at 99 percent confidence level. Likewise, the relationship between purchase intention and consumers' insurance knowledge is found to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.424. Also, the correlation between purchase intention and subjective norms is observed to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.285. The correlation analysis shows that all the independent variables: income level, risk attitude, income

protection, consumers' insurance knowledge and subjective norms have positive and significant relationship with consumers' purchase intention on life insurance policies.

### 4.1.13 Regression analysis

Regression analysis is conducted to measure the impact of independent variables on the dependent variable. *Table 16* presents the regression analysis of factors influencing the purchase intention on life insurance policies.

Table 16

*Impact of variables for all samples*

| Coefficients[a] | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | F | Sig. | Adjusted $R^2$ |
|---|---|---|---|---|---|---|---|---|
| | B | Std. Error | Beta | | | | | |
| (Constant) | 0.776 | 0.083 | | 9.390 | 0.000 | | | |
| Income level | 0.023 | 0.038 | 0.032 | 0.595 | 0.553 | | | |
| Risk attitude | 0.012 | 0.042 | 0.014 | 0.288 | 0.774 | | | |
| Income protection | 0.196 | 0.040 | 0.244 | 4.901 | 0.000 | 25.779 | 0.000 | 0.244 |
| Consumers' insurance knowledge | 0.244 | 0.032 | 0.392 | 7.633 | 0.000 | | | |
| Subjective norms | 0.020 | 0.031 | 0.034 | 0.640 | 0.523 | | | |

a. Dependent Variable: Purchase Intention

As shown in above table, the independent factors under study are income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms. And, purchase intention has been used as the dependent variable. It can be observed that the impact of income level on purchase intention is positive with the coefficient of 0.023. That means if income level is increased by one unit, the average influence towards the purchase intention of consumers is increased by 0.023 units. The corresponding p-value is 0.553 which is more than 0.05; hence, there is no significant impact of income level on purchase intention of consumers.

The impact of risk attitude is found to be positive with the regression coefficient of 0.012. That means the increase in level of risk attitude by one unit influences the purchase intention of consumers by increase of 0.012 units. The corresponding p-value is 0.774 which is more than 0.05. Thus, there is no significant impact of risk attitude on purchase intention of consumers.

Likewise, the regression coefficient of income protection in the regression coefficient analysis is 0.196; which indicates that a one unit increase in level of income protection influences purchase intention of consumers by increase of 0.196 units. Also, the corresponding p-value is 0.000 which is less than 0.05; hence, there is significant impact of income protection on purchase intention of consumers.

The impact of consumers' insurance knowledge is found to be positive with the coefficient of 0.244. That means a one unit increase in level of consumers' insurance knowledge results in average influence on purchase intention of consumers towards life insurance policies with an increase of 0.244 units. The corresponding p-value is 0.000 which is less than 0.05, thus there is significant impact of consumers' insurance knowledge on purchase intention of consumers towards life insurance.

Further, the regression coefficient of 0.020 indicates that there is positive impact of subjective norms on the purchase intention. Also, it means that if there is an increase on level of subjective norms by one unit, the average influence on purchase intention is increased by 0.020 units. The increase in compliance with social norms increases the purchase intention of consumers on life insurance. The corresponding p-value is 0.523 which is more than 0.05; hence, there is no significant impact of subjective norms on purchase intention of consumers. $R^2$ equals 24.4 percent indicates 24.4 percent variations in purchase intention due to income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms. Also, the F-value is 25.779 with the corresponding p-value of 0.000, which is less than 0.05; hence, there is significant impact of five different variables of the regression equation on the purchase intention of consumers.

The impact of independent variables on the dependent variable with the effect of moderating variables has been shown in *Table 17.* The moderating variables included in the study are age, gender and education level. Thus, with the presence of moderating variables the following has been concluded: It can be observed that the impact of income level on purchase intention is positive and constant as before, with the coefficient of 0.023. That means if income level is increased by one unit, the average influence towards the purchase intention of consumers is increased by 0.023 units. The corresponding p-value is 0.545 which is more than 0.05; hence, there is still no significant impact of income level on purchase intention of consumers with the presence of moderating variables.

Table 17

*Impact of variables for all samples with moderating variables*

| Coefficients[a] | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | F | Sig. | Adjusted $R^2$ |
|---|---|---|---|---|---|---|---|---|
| | B | Std. Error | Beta | | | | | |
| (Constant) | 0.808 | 0.087 | | 9.252 | 0.000 | | | |
| Income level | 0.023 | 0.038 | 0.032 | 0.606 | 0.545 | | | |
| Risk attitude | 0.007 | 0.042 | 0.008 | 0.170 | 0.865 | | | |
| Income protection | 0.197 | 0.040 | 0.246 | 4.939 | 0.000 | | | |
| Consumers' insurance knowledge | 0.246 | 0.032 | 0.396 | 7.703 | 0.000 | 16.626 | 0.000 | 0.246 |
| Subjective norms | 0.022 | 0.032 | 0.038 | 0.708 | 0.480 | | | |
| Age | -0.122 | 0.067 | -0.082 | -1.831 | 0.068 | | | |
| Gender | -0.055 | 0.097 | -0.025 | -0.570 | 0.569 | | | |
| Education level | 0.011 | 0.050 | 0.010 | 0.223 | 0.824 | | | |

a. Dependent Variable: PI

Likewise, the impact of risk attitude was found to be positive with the regression coefficient of 0.007. That means the increase in level of risk attitude by one unit influences the purchase intention of consumers by increase of 0.007 units. The corresponding p-value is 0.865 which is more than 0.05. Thus, there is no significant impact of risk attitude on purchase intention of consumers with the effect of moderating variables as well.

Further, the regression coefficient of income protection in the regression coefficient analysis is 0.197 (slightly changed); which indicates that a one unit increase in level of income protection influences purchase intention of consumers by increase of 0.197 units. Also, the corresponding p-value is 0.000 which is less than 0.05; hence, there is still significant impact of income protection on purchase intention of consumers with the effect of moderating variables.

The impact of consumers' insurance knowledge has been found to be positive with the coefficient of 0.246. That means a one unit increase in level of consumers' insurance knowledge results in average influence on purchase intention of consumers towards life insurance policies with an increase of 0.246 units. The corresponding p-value is 0.000 which is less than 0.05, thus there is significant impact of consumers' insurance knowledge on purchase intention of consumers towards life insurance.

Further, the regression coefficient of 0.022 indicates that there is positive impact of subjective norms on the purchase intention. Also, it means that if there is an increase on level of subjective norms by one unit, the average influence on purchase intention is increased by 0.022 units. The increase in compliance with social norms increases the purchase intention of consumers on life insurance. The corresponding p-value is 0.480 which is more than 0.05; hence, there is no significant impact of subjective norms on purchase intention of consumers.

The impact of age and gender on purchase intention has been found to be negative with the regression coefficients of -0.122 and -0.055 respectively. Also, the impact of both the moderating variables have been observed to be insignificant with the p-value of 0.068 and 0.569 respectively. Likewise, the impact of education level on the dependent variable has been indicated as positive with the regression coefficient of 0.011. However, there is no significant impact of the variable on purchase intention as the p-value of 0.824 is greater than 0.05.

$R^2$ equals 24.6 percent indicates 24.6 percent variations in purchase intention due to income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms with the effect of moderating variables viz. age, gender and education level. Also, the F-value is 16.626 with the corresponding p-value of 0.000, which is less than 0.05; hence, there is significant impact of five different variables of the regression equation on the purchase intention of consumers with the effect of moderating variables.

### 4.2 Discussion

The general purpose of this study was to assess the impact of variables – income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms on purchase intention of consumers on life insurance policies. Furthermore, the research was conducted to examine the relationship between the aforementioned independent variables and the purchase intention on life insurance policies.

The results obtained from the data analysis indicate that income level has positive and significant relationship with purchase intention of buying a life insurance among the consumers of Kathmandu Valley. The respondents purchase a life insurance policy based on their level of income. The results of this study support the opinion of

Annamalah (2013) which observed that income level supports the explanatory variables for life insurance purchase decisions. The study confirms Esau (2015) as price of the insurance policy affects the consumer purchase decision. The results of this study are also consistent with Ampaw, Amponsah, and Owoo (2018) which revealed that higher wealth broadly affects the demand for life insurance. Likewise, it also supports Devgan, Kaur, and Kaur (2019) the result of which showed that customer's intention to purchase an insurance product can be affected by income level. Also, Jnawali and Jaiswal (2019) concluded that the life insurance demand in terms of premium paid is significantly associated with economic class and monthly income of respondents. However, it contradicts with Al-Rawashdeh (2016) which concluded that income has no effect on the demand of purchasing life insurance policies.

Risk attitude is found to have positive significant relationship with consumers' purchase intention on life insurance policies. The impact is also found to be positive. Ampaw, Amponsah, and Owoo (2018) identified ill health status as an influencing factor on insurance purchase decision. Past or present sickness drives consumers to invest on life insurance policies. The results of this study are consistent with Devgan, Kaur, and Kaur (2019) which revealed that customer's decision to purchase an insurance product can be affected by its risk coverage and guaranteed benefits. Also, it confirms Nomi and Sabbir (2020) which found that attitude and risk aversion motives have significant positive impact on consumer purchase intention towards life insurance. Parihar and Ghosh (2021) have also found that factors such as risk and security are responsible for influencing the buying decision making of health insurance policies.

There is a positive and significant relationship of income protection with consumers' intention of purchasing life insurance policies. The results also show that the impact is positive and significant on consumers' purchase intention. There is substantial consistency between the results of this study and with that of Zakaria, Azmi, Hassan, Salleh, Tajuddin, Sallem, and Noor (2016) as the study indicated that 'saving motives' has the strongest influence in creating a strong intention of purchasing a life insurance policy among the respondents. Ampaw, Amponsah, and Owoo (2018) concluded that female heads who are married and with more dependents have higher tendency to purchase life insurance policies. Thus, the desire to leave wealth in form

of claims for the beneficiaries in event of untimely death or illness of the bread winner influences the purchase of life insurance policies. It seems that the results of this study confirm that of Nomi and Sabbir (2020). They mentioned that saving motives have significant positive impact on consumer purchase intention towards life insurance.

Consumers' knowledge on insurance has positive and significant relationship with their purchase intention on life insurance policies. Also, its impact on the purchase intention is found to be positive and significant. The result is consistent with that of Kempa, Pratama, and Sukatmadiredja (2020) which identified that the decision to purchase an insurance policy is influenced by the product knowledge among the consumers. Parihar and Ghosh (2021) identified that factors such as awareness and company related information are responsible for buying decision making of health insurance. Likewise, the results confirm with Nomi and Sabbir (2020). They found that financial literacy has significant positive impact on consumer purchase intention towards life insurance.

The results from the data analysis for subjective norms indicate that the factor has positive and significant relationship with the purchase intention towards life insurance policies. Also, it has a positive impact on the purchase intention of the respondents around Kathmandu Valley. The results are alike to Jetawat and Mistry (2017) which concluded that socialization of respondents is indifferent to gender and, the factor influences the purchase intention of consumers towards life insurance policies. Likewise, the results of this study are consistent with Nomi and Sabbir (2020) which found that subjective norms have significant positive impact on consumer purchase intention towards life insurance.

# CHAPTER V
# SUMMARY AND CONCLUSION

## 5.1 Summary

The purpose of the study was to analyze the factors influencing the purchase decision on life insurance policies among consumers in Kathmandu Valley. The research aimed to assess the relationship and impact between the independent variables namely, income level, risk attitude, income protection, consumers' insurance knowledge, subjective norms and the dependent variable: purchase intention on life insurance policies. The study also intended to evaluate the difference between independent and dependent variable across various age group, gender, education level and income level of consumers around Kathmandu Valley. The study employed descriptive, causal and correlational research design to assess the respondents' intention of purchasing life insurance policies. The research is based on the primary data collected through systematic and structured questionnaire; further, analyzed using mean, standard deviation, variance, correlation and regression analysis. The major findings on the basis of the data analysis are as follows:

1. The correlation for all samples between purchase intention and income level is found to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.270. Similarly, the relationship between purchase intention and risk attitude is found to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.190. The correlation analysis between purchase intention and income protection indicates that the correlation coefficient is 0.274. This indicates a positive relationship between purchase intention and income protection significant at 99 percent confidence level. Likewise, the relationship between purchase intention and consumers' insurance knowledge is found to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.424. Also, the correlation between purchase intention and subjective norms is observed to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.285. The correlation analysis shows that all the independent variables: income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms have positive and significant relationship with consumers' purchase intention on life insurance policies.

2. The impact of income level on purchase intention is positive with the coefficient of 0.023. That means if income level is increased by one unit, the average influence towards the purchase intention of consumers is increased by 0.023 units. The corresponding p-value is 0.553 which is more than 0.05; hence, there is no significant impact of income level on purchase intention of consumers.

The impact of risk attitude is found to be positive with the regression coefficient of 0.012. That means the increase in level of risk attitude by one unit influences the purchase intention of consumers by increase of 0.012 units. The corresponding p-value is 0.774 which is more than 0.05. Thus, there is no significant impact of risk attitude on purchase intention of consumers.

Likewise, the regression coefficient of income protection in the regression coefficient analysis is 0.196; which indicates that a one unit increase in level of income protection influences purchase intention of consumers by increase of 0.196 units. Also, the corresponding p-value is 0.000 which is less than 0.05; hence, there is significant impact of income protection on purchase intention of consumers.

The impact of consumers' insurance knowledge is found to be positive with the coefficient of 0.244. That means a one unit increase in level of consumers' insurance knowledge results in average influence on purchase intention of consumers towards life insurance policies with an increase of 0.244 units. The corresponding p-value is 0.000 which is less than 0.05, thus there is significant impact of consumers' insurance knowledge on purchase intention of consumers towards life insurance.

Further, the regression coefficient of 0.020 indicates that there is positive impact of subjective norms on the purchase intention. Also, it means that if there is an increase on level of subjective norms by one unit, the average influence on purchase intention is increased by 0.020 units. The increase in compliance with social norms increases the purchase intention of consumers on life insurance. The corresponding p-value is 0.523 which is more than 0.05; hence, there is no significant impact of subjective norms on purchase intention of consumers. $R^2$ equals 24.4 percent indicates 24.4 percent variations in purchase intention due to income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms. Also, the F-value is 25.779 with the corresponding p-value of 0.000, which is less than 0.05; hence,

there is significant impact of five different variables of the regression equation on the purchase intention of consumers.

3. The impact of independent variables on the dependent variable with the effect of moderating variables has been concluded as follows: It can be observed that the impact of income level on purchase intention is positive and constant as before, with the coefficient of 0.023. The corresponding p-value is 0.545 which is more than 0.05; hence, there is still no significant impact of income level on purchase intention of consumers with the presence of moderating variables. The impact of risk attitude was found to be positive with the regression coefficient of 0.007. The corresponding p-value is 0.865 which is more than 0.05. Thus, there is no significant impact of risk attitude on purchase intention of consumers with the effect of moderating variables as well. Likewise, the regression coefficient of income protection in the regression coefficient analysis is 0.197 (slightly changed); which indicates that a one unit increase in level of income protection influences purchase intention of consumers by increase of 0.197 units. Also, the corresponding p-value is 0.000 which is less than 0.05; hence, there is still significant impact of income protection on purchase intention of consumers with the effect of moderating variables. The impact of consumers' insurance knowledge has been found to be positive with the coefficient of 0.246. The corresponding p-value is 0.000 which is less than 0.05, thus there is significant impact of consumers' insurance knowledge on purchase intention of consumers towards life insurance. Further, the regression coefficient of 0.022 indicates that there is positive impact of subjective norms on the purchase intention. The corresponding p-value is 0.480 which is more than 0.05; hence, there is no significant impact of subjective norms on purchase intention of consumers.

The impact of age and gender on purchase intention has been found to be negative with the regression coefficients of -0.122 and -0.055 respectively. Also, the impact of both the moderating variables have been observed to be insignificant with the p-value of 0.068 and 0.569 respectively. Likewise, the impact of education level on the dependent variable has been indicated as positive with the regression coefficient of 0.011. However, there is no significant impact of the variable on purchase intention as the p-value of 0.824 is greater than 0.05.

$R^2$ equals 24.6 percent indicates 24.6 percent variations in purchase intention due to income level, risk attitude, income protection, consumers' insurance knowledge and

subjective norms with the effect of moderating variables viz. age, gender and education level. Also, the F-value is 16.626 with the corresponding p-value of 0.000, which is less than 0.05; hence, there is significant impact of five different variables of the regression equation on the purchase intention of consumers with the effect of moderating variables.

## 5.2 Conclusion

A descriptive, causal and correlational research design were applied on the primary data in order to fulfill the objective of assessing the relationship and examining the impact of independent variables: income level, risk attitude, income protection, consumers' insurance knowledge, subjective norms and dependent variable: intention of purchasing life insurance policies among consumers of Kathmandu Valley. The data were collected through a survey using a systematic and structured questionnaire distributed to the respondents of Kathmandu Valley. 384 sample sizes have been considered for the study; which were evaluated and analyzed using mean, standard deviation, variance, correlation and regression analysis.

The analysis of data using the statistical techniques showed the relationship between consumers' purchase intention and its determinants. It can be concluded that the variables, income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms have positive and significant relationship with the intention of consumers to purchase life insurance policies. The results of linear regression analysis indicated that the factors – income level, risk attitude, income protection, consumers' insurance knowledge and subjective norms had positive impact on consumers' purchase intention. Based on the significant scale, it has been found that consumers' insurance knowledge (0.244) were the most influencing factors towards insurance purchase; followed by income protection (0.196) as the second most influencing factor for purchasing life insurance policies. Likewise, income level (0.023) was the most influencing factor on purchase intention after consumers' insurance knowledge and income protection. It has been followed by risk attitude (0.012) as the least influencing factor towards purchase intention on life insurance policies. Based on the significant scale and with the effect of moderating variables, it has been found that consumers' insurance knowledge (0.246) were the most influencing factors towards insurance purchase; followed by income protection (0.197) as the second most influencing factor for purchasing life insurance policies.

Likewise, income level (0.023) was the most influencing factor on purchase intention after consumers' insurance knowledge and income protection. It has been followed by risk attitude (0.007) as the least influencing factor towards purchase intention on life insurance policies. Thus, it can be concluded that the level of influence of the variables aren't affected by the presence of moderating variables in the framework. Also, the study tried to validate the TRA model while assessing the factors influencing the consumers to perform a specific behavior such as purchase life insurance policy in this case. All the variables are confirmed in accordance with the model.

### 5.3 Implications

There are multiple factors that influence a consumer to purchase a life insurance policy. This study has focused on some of the major factors that affect the buying decision towards life insurance. The results of this study are believed to be beneficial for the insurance sector. Insurance companies can understand the consumer behavior towards life insurance policies and assist them to create convincing insurance products based on the variables under study. The findings of the study will guide the insurance companies to ensure maximum customer satisfaction and to gain competitive advantage in the market by designing, redesigning and originating policies and products that increase consumer confidence towards life insurance. Lastly, this study will help identify key areas, factors and elements for improving the insurance industry in Nepal.

This study will set a base for other researchers to incorporate other variables and conduct arduous research related to similar topic. The data from secondary sources aren't incorporated in the research, so the study includes some gap due to inclusion of data from primary sources only. Another limitation is that the researcher has restricted the sample size of this study among the consumers around Kathmandu Valley only. So, the future research can be done by including other geographical areas where insurance industry has sustained its presence and importance among the consumers. Further, the present study has used general measurement scales for assessing the variables under study. For future research, it would be more productive to use elaborated measurement scales for better validity of the measures. Also, there are possibilities of other moderating variables in the relationship between the dependent

and independent variables of the study. Hence, the results of the study might be considered inadequate, and to extend the outcomes of the study, numerous areas for future research are recommended.

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# ANNEXURE

Annex 1

*Questionnaire on 'The intention to purchase life insurance'*

Dear Respondent,

I am conducting this survey for an academic research as required by the MBS program. The title of my research is "The Intention to Purchase Life Insurance: A Study Based in Kathmandu Valley". This questionnaire serves as an important data collection tool for the analysis of the constructs in consideration for this research.

I would like to state that this research is purely for an academic purpose and I am simply interested in your candid and honest opinion. I assure you that strict confidentiality will be maintained and the information furnished by you will be used for academic purpose only.

Thank you for your cooperation.

Sujan Maharjan
MBS, People's Campus

**Part 1: Demographic profiles of the respondents**

Please provide the following information about yourself. All information will be kept confidential.

| | |
|---|---|
| **Age** | ☐ Less than 25 years old<br>☐ 25-35 years old<br>☐ 36-50 years old<br>☐ 51 years old and above |
| **Gender** | ☐ Male<br>☐ Female<br>☐ Others |
| **Highest education level** | ☐ MPhil / PhD<br>☐ Master's Degree<br>☐ Bachelor's Degree<br>☐ Intermediate (+2)<br>☐ SLC |

| | |
|---|---|
| | ☐ Below SLC (School Level) |
| **Monthly income level (in Nepalese Rupees)** | ☐ 10,000 to 25,000/month<br>☐ 25,001 to 50,000/month<br>☐ 50,001 to 1 lakh/month<br>☐ More than 1 Lakh/month |
| **Name of district you live in** | ☐ Bhaktapur<br>☐ Kathmandu<br>☐ Lalitpur |
| **Do any of your immediate family members have any long-term physical conditions or health issues?** | ☐ Yes<br>☐ No |

**Part 2: Insurance background profiles of the respondents**

Questions regarding insurance background:

1. **Number of insurance policies you have purchased:** ……..
2. **If you have/had an insurance policy, do/did you have (Choose all that apply):**

   ☐ Term plan

   ☐ Endowment plan

   ☐ Anticipated plan

   ☐ Whole life plan

   ☐ Micro (Rural endowment) plan

   ☐ Retirement plan

   ☐ Children's education plan

   ☐ Others……

   ☐ Don't know
3. **What is the name of the company from which you have bought your life insurance policy? Choose multiple options, if applicable.**

   ☐ American Life Insurance Company Limited (MetLife)

- ☐ Asian Life Insurance Company Limited
- ☐ Citizen Life Insurance Company Limited
- ☐ Gurans Life Insurance Company Limited
- ☐ I.M.E. Life Insurance Company Limited
- ☐ Jyoti Life Insurance Company Limited
- ☐ Life Insurance Corporation (Nepal) Limited
- ☐ Mahalaxmi Life Insurance Company Limited
- ☐ National Life Insurance Company Limited
- ☐ Nepal Life Insurance Company Limited
- ☐ Prabhu Life Insurance Company Limited
- ☐ Prime Life Insurance Company Limited
- ☐ Rastriya Beema Sansthan
- ☐ Reliable Nepal Life Insurance Limited
- ☐ Reliance Life Insurance Limited
- ☐ Sanima Life Insurance Company Limited
- ☐ Sun Nepal Life Insurance Company Limited
- ☐ Surya Life Insurance Company Limited
- ☐ Union Life Insurance Company Limited

**4. What are your intentions to purchasing life insurance policies?**

**Part 3**

Income level refers to the amount of money earned by an individual over a given period of time, generally in a month. An individual's income can determine his/her intention to make a purchase. Please indicate your level of agreement by choosing the option that best reflects your opinion on effect of income level on purchase intention using the following Likert scales: Strongly Agree-1, Agree-2, Neutral-3, Disagree-4, Strongly Disagree-5

| Income Level | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| I portion a part of my monthly income as an insurance premium. | | | | | |
| As income increases, the purchase of insurance also increases. | | | | | |
| I buy life and health insurance based on the income earned. | | | | | |

Attitude comprises of beliefs or thoughts, feelings and behaviors or intentions towards something particular, usually a product or service. Risk attitude refers to the nature or inclination of a consumer if they are willing to take risk or not. Please indicate your level of agreement by choosing the option that best reflects your risk attitude on purchase decision using the following Likert scales: Strongly Agree-1, Agree-2, Neutral-3, Disagree-4, Strongly Disagree-5

| Risk Attitude | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| I am a risk adverse person. | | | | | |
| I purchase life insurance as it provides financial safety. | | | | | |
| Guaranteed benefits should anything happen, build my confidence to buy insurance. | | | | | |
| Past sickness drives me to purchase insurance. | | | | | |

Income protection refers to the situation where an individual desires to leave their wealth to inheritance so that their intended heirs can utilize them to lead an easier life in future. Please indicate your level of agreement by choosing the option that best reflects your perception on effect of insurance protection behavior on purchase intention using the following Likert scales: Strongly Agree-1, Agree-2, Neutral-3, Disagree-4, Strongly Disagree-5

| Income Protection | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| I purchase insurance for future health care expenditures. | | | | | |
| If I am unable to work due to illness or injury, my family will be okay once they get insurance. | | | | | |
| In event of death, the accumulated bills or debt I might have availed can be paid off by insurance benefits. | | | | | |

This section of the questionnaire deals with the knowledge of the respondent on insurance, insurance policies and the insurance sector in the country. Please indicate your level of agreement by choosing the option that best reflects your knowledge on insurance using the following Likert scales: Strongly Agree-1, Agree-2, Neutral-3, Disagree-4, Strongly Disagree-5

| Consumers' Insurance Knowledge | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| I often give advice to others to buy insurance according to their needs. | | | | | |
| Non-disclosure or misrepresentation of information relating to the subject matter of insured may cause to reject the insurance claim. | | | | | |
| I know the difference between the different schemes such as "Term | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Plan" and "Endowment Plan". | | | | | |

As social beings living in a society or a community, it is obvious that social norms and pressures affect or influence our behavior. Thus, subjective norms refer to the perceived social pressure or perception from other persons on whether or not to perform a specific behavior. Please indicate your level of agreement by choosing the option that best reflects your opinion on the effect of subjective norms on insurance purchase decision by using the following Likert scales: Strongly Agree-1, Agree-2, Neutral-3, Disagree-4, Strongly Disagree-5

| **Subjective Norms** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| I may purchase insurance by the influence of news. | | | | | |
| Several of my friends think that one should buy life insurance policies. | | | | | |
| My family members think taking a life insurance policy is necessary. | | | | | |
| Knowing the life insurance agent socially, I felt a social obligation to invest in an insurance policy. | | | | | |

Please indicate your level of agreement by choosing the option that best reflects your opinion on insurance purchase intention by using the following Likert scales: Strongly Agree-1, Agree-2, Neutral-3, Disagree-4, Strongly Disagree-5

| **Purchase Intention** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| I purchase a life insurance policy to control my spending behavior. | | | | | |
| I will invest in insurance as my long term personal financial planning. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| I feel life insurance is a good investment option compared to other options. | | | | | |
| It is likely that I will purchase a life insurance policy in future. | | | | | |

**Other comments (if any)** …….

Thank you.

Annex 2

*Result of hypotheses test*

| Hypotheses | Results | Tools | Significance level |
|---|---|---|---|
| $H_{01}$: There is no significant impact of income level on the purchase intention of life insurance policies. | Accepted | Regression analysis | 0.553 |
| $H_{02}$: There is no significant impact of risk attitude on the purchase intention of life insurance policies. | Accepted | Regression analysis | 0.774 |
| $H_{03}$: There is no significant impact of income protection on the purchase intention of life insurance policies. | Rejected | Regression analysis | 0.000 |
| $H_{04}$: There is no significant impact of consumer's insurance knowledge on the purchase intention of life insurance policies. | Rejected | Regression analysis | 0.000 |
| $H_{05}$: There is no significant impact of subjective norms on the purchase intention of life insurance policies. | Accepted | Regression analysis | 0.523 |
| $H_{06}$: There is no significant relationship between income level and purchase intention of life insurance policies. | Rejected | Correlation analysis | 0.000 |
| $H_{07}$: There is no significant relationship between risk attitude and purchase intention of life insurance policies. | Rejected | Correlation analysis | 0.000 |
| $H_{08}$: There is no significant relationship between income protection and purchase intention of life insurance policies. | Rejected | Correlation analysis | 0.000 |
| $H_{09}$: There is no significant relationship between consumers' insurance knowledge and purchase intention of life insurance policies. | Rejected | Correlation analysis | 0.000 |
| $H_{010}$: There is no significant relationship between subjective norms and purchase intention of life insurance policies. | Rejected | Correlation analysis | 0.000 |
| $H_1$: There is significant relationship between income level, risk attitude, income protection, consumers' insurance knowledge, subjective norms and purchase intention of life insurance policies. | Accepted | Correlation analysis | 0.000 |

Annex 3

*Reliability test of the variables: Cronbach's alpha*

```
RELIABILITY
  /VARIABLES=VAR00001 VAR00002 VAR00003
  /SCALE('Income Level') ALL
  /MODEL=ALPHA.
```

## Reliability

```
[DataSet0]
```

## Scale: Income Level

**Case Processing Summary**

| | | N | % |
|---|---|---|---|
| Cases | Valid | 30 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 30 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .692 | 3 |

```
RELIABILITY
  /VARIABLES=VAR00004 VAR00005 VAR00006 VAR00007
  /SCALE('Risk Attitude') ALL
  /MODEL=ALPHA.
```

## Reliability

```
[DataSet0]
```

## Scale: Risk Attitude

**Case Processing Summary**

| | | N | % |
|---|---|---|---|
| Cases | Valid | 30 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 30 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .853 | 4 |

```
RELIABILITY
  /VARIABLES=VAR00008 VAR00009 VAR00010
  /SCALE('Income Protection') ALL
  /MODEL=ALPHA.
```

## Reliability

```
[DataSet0]
```

## Scale: Income Protection

**Case Processing Summary**

| | | N | % |
|---|---|---|---|
| Cases | Valid | 30 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 30 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .864 | 3 |

```
RELIABILITY
  /VARIABLES=VAR00011 VAR00012 VAR00013
  /SCALE("Consumers' Insurance Knowledge") ALL
  /MODEL=ALPHA.
```

## Reliability

```
[DataSet0]
```

## Scale: Consumers' Insurance Knowledge

**Case Processing Summary**

| | | N | % |
|---|---|---|---|
| Cases | Valid | 30 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 30 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .758 | 3 |

```
RELIABILITY
  /VARIABLES=VAR00014 VAR00015 VAR00016 VAR00017
  /SCALE('Subjective Norms') ALL
  /MODEL=ALPHA.
```

## Reliability

```
[DataSet0]
```

## Scale: Subjective Norms

**Case Processing Summary**

| | | N | % |
|---|---|---|---|
| Cases | Valid | 30 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 30 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .832 | 4 |

Annex 4

*Correlation Analysis*

```
COMPUTE PI=MEAN(PI1,PI2,PI3,PI4).
EXECUTE.
CORRELATIONS
  /VARIABLES=IL RA IP K SN PI
  /PRINT=TWOTAIL NOSIG
  /MISSING=PAIRWISE.
```

## Correlations

```
[DataSet1] C:\Users\Golveda\Documents\Likert Scale Changed Data.sav
```

**Correlations**

| | | IL | RA | IP | K | SN | PI |
|---|---|---|---|---|---|---|---|
| IL | Pearson Correlation | 1 | .313** | .366** | .333** | .411** | .270** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 |
| | N | 384 | 384 | 384 | 384 | 384 | 384 |
| RA | Pearson Correlation | .313** | 1 | .116* | .327** | .289** | .190** |
| | Sig. (2-tailed) | .000 | | .023 | .000 | .000 | .000 |
| | N | 384 | 384 | 384 | 384 | 384 | 384 |
| IP | Pearson Correlation | .366** | .116* | 1 | .015 | .329** | .274** |
| | Sig. (2-tailed) | .000 | .023 | | .765 | .000 | .000 |
| | N | 384 | 384 | 384 | 384 | 384 | 384 |
| K | Pearson Correlation | .333** | .327** | .015 | 1 | .391** | .424** |
| | Sig. (2-tailed) | .000 | .000 | .765 | | .000 | .000 |
| | N | 384 | 384 | 384 | 384 | 384 | 384 |
| SN | Pearson Correlation | .411** | .289** | .329** | .391** | 1 | .285** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | .000 |
| | N | 384 | 384 | 384 | 384 | 384 | 384 |
| PI | Pearson Correlation | .270** | .190** | .274** | .424** | .285** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | |
| | N | 384 | 384 | 384 | 384 | 384 | 384 |

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Annex 5

*Regression Analysis*

```
GET
  FILE='C:\Sujan\Personal\Thesis\Main\SPSS\Main Study\Likert Scale Changed Da
ta.sav'.
DATASET NAME DataSet1 WINDOW=FRONT.
REGRESSION
  /MISSING LISTWISE
  /STATISTICS COEFF OUTS R ANOVA
  /CRITERIA=PIN(.05) POUT(.10)
  /NOORIGIN
  /DEPENDENT PI
  /METHOD=ENTER IL RA IP K SN.
```

## Regression

```
[DataSet1] C:\Sujan\Personal\Thesis\Main\SPSS\Main Study\Likert Scale Changed
 Data.sav
```

**Variables Entered/Removed[a]**

| Model | Variables Entered | Variables Removed | Method |
|---|---|---|---|
| 1 | SN, RA, IP, K, IL[b] | . | Enter |

a. Dependent Variable: PI

b. All requested variables entered.

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .504[a] | .254 | .244 | .27963 |

a. Predictors: (Constant), SN, RA, IP, K, IL

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 10.079 | 5 | 2.016 | 25.779 | .000[b] |
| | Residual | 29.558 | 378 | .078 | | |
| | Total | 39.637 | 383 | | | |

a. Dependent Variable: PI

b. Predictors: (Constant), SN, RA, IP, K, IL

**Coefficients**[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .776 | .083 | | 9.390 | .000 |
| | IL | .023 | .038 | .032 | .595 | .553 |
| | RA | .012 | .042 | .014 | .288 | .774 |
| | IP | .196 | .040 | .244 | 4.901 | .000 |
| | K | .244 | .032 | .392 | 7.633 | .000 |
| | SN | .020 | .031 | .034 | .640 | .523 |

a. Dependent Variable: PI

# Annex 6

## *Regression Analysis with moderating variables*

```
GET
  FILE='C:\Sujan\Personal\Thesis\Main\SPSS\Main Study\Likert Scale Changed Da
ta.sav'.
DATASET NAME DataSet1 WINDOW=FRONT.
AUTORECODE VARIABLES=Age
  /INTO Age_Num
  /PRINT.
Age into Age_Num
Old Value                          New Value  Value Label

25-35 years old                            1  25-35 years old
36-50 years old                            2  36-50 years old
51 years old and above                     3  51 years old and above
Less than 25 years old                     4  Less than 25 years old


AUTORECODE VARIABLES=Gender
  /INTO Gender_Num
  /PRINT.
Gender into Gender_Num
Old Value                          New Value  Value Label

Female                                     1  Female
Male                                       2  Male


AUTORECODE VARIABLES=Edu_Level
  /INTO Edulevel_Num
  /PRINT.
Edu_Level into Edulevel_Num
Old Value                          New Value  Value Label

Bachelor's Degree                          1  Bachelor's Degree
Below SLC (School Level)                   2  Below SLC (School Level)
Intermediate (+2)                          3  Intermediate (+2)
Master's Degree                            4  Master's Degree
MPhil/PhD                                  5  MPhil/PhD
SLC                                        6  SLC


DATASET ACTIVATE DataSet1.
```

```
SAVE OUTFILE='C:\Sujan\Personal\Thesis\Main\SPSS\Main Study\Likert Scale Chan
ged Data.sav'
 /COMPRESSED.
COMPUTE Log_Age_Num=LG10(Age_Num).
EXECUTE.
COMPUTE Log_Gender_Num=LG10(Gender_Num).
EXECUTE.
COMPUTE Log_Edulevel_Num=LG10(Edulevel_Num).
EXECUTE.
DATASET ACTIVATE DataSet1.
SAVE OUTFILE='C:\Sujan\Personal\Thesis\Main\SPSS\Main Study\Likert Scale Chan
ged Data.sav'
 /COMPRESSED.
REGRESSION
  /MISSING LISTWISE
  /STATISTICS COEFF OUTS R ANOVA
  /CRITERIA=PIN(.05) POUT(.10)
  /NOORIGIN
  /DEPENDENT PI
  /METHOD=ENTER IL RA IP K SN Log_Age_Num Log_Gender_Num Log_Edulevel_Num.
```

## Regression

```
[DataSet1] C:\Sujan\Personal\Thesis\Main\SPSS\Main Study\Likert Scale Changed
 Data.sav
```

**Variables Entered/Removed[a]**

| Model | Variables Entered | Variables Removed | Method |
|---|---|---|---|
| 1 | Log_Edulevel_Num, K, IP, Log_Gender_Num, Log_Age_Num, RA, IL, SN[b] | . | Enter |

a. Dependent Variable: PI

b. All requested variables entered.

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .512[a] | .262 | .246 | .27933 |

a. Predictors: (Constant), Log_Edulevel_Num, K, IP, Log_Gender_Num, Log_Age_Num, RA, IL, SN

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 10.378 | 8 | 1.297 | 16.626 | .000[b] |
| | Residual | 29.259 | 375 | .078 | | |
| | Total | 39.637 | 383 | | | |

a. Dependent Variable: PI

b. Predictors: (Constant), Log_Edulevel_Num, K, IP, Log_Gender_Num, Log_Age_Num, RA, IL, SN

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .808 | .087 | | 9.252 | .000 |
| | IL | .023 | .038 | .032 | .606 | .545 |
| | RA | .007 | .042 | .008 | .170 | .865 |
| | IP | .197 | .040 | .246 | 4.939 | .000 |
| | K | .246 | .032 | .396 | 7.703 | .000 |
| | SN | .022 | .032 | .038 | .708 | .480 |
| | Log_Age_Num | -.122 | .067 | -.082 | -1.831 | .068 |
| | Log_Gender_Num | -.055 | .097 | -.025 | -.570 | .569 |
| | Log_Edulevel_Num | .011 | .050 | .010 | .223 | .824 |

a. Dependent Variable: PI