

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Marketing plays a very significant role in accelerating the pace of industrialization, which in turn aims at making economy developed and strong. In this connection, it is significant to note that marketing is the most important multiplier of economic development. The development of marketing makes possible economic integration and the full utilization of assets and productive capacity and economy already possessed. It mobilizes latent economic energy and finally contributes to the greatest needs; that offers the rapid development of entrepreneurs and managers (Kelly & Lazar, 1972 : 616). Ultimately the development of entrepreneurs and managers help in managing industrial activities in a country. It is evident that the industrially developed countries are developed in the area marketing too.

Consumer is the king in business. The success and failure of any business entirely depend on consumer reactions to a firm's marketing mix or strategies. Firm's marketing mix or strategies should be designed in such a way that satisfies consumers need and wants. To design an effective marketing mix that satisfies consumer unsatisfied need and wants a firm should know the buying behavior it, thus an important task for today's markets.

Consumer behavior is a broad field which concern with how individuals, families and group acquire, consume and dispose of goods, services, ideas and experiences. The principles of consumer behavior are useful to business, managers, government regulations, non profit organizations and every day people. In particular, for marketing managers knowledge of consumer behavior has important implications for environmental analysis for product positioning

for the segmentation of marketplace, for designing market research studies and for developing marketing mix. The high impact of consumer behavior on marketing management should not be surprising (Mowan, 1990 : 27).

Consumer buying behavior refers to the behavior of ultimate consumers, those who purchase product for personal or house hold use, not for business purpose. But buying behavior of consumer differs from one to another, however their buying process may be identical. Generally, the consumer buying process consists of five stages. These are problem recognition, information search, evaluation of alternatives, purchase and post purchase evolution.

Though the consumer buying decision process consists of five stages, all consumer decisions do not always go through all these five stages. The individual may terminate the process during any stage. This depends on the experience of consumer involved in purchasing and the nature of the products he or she wants to purchase. Persons in high involvement decision process usually employ all stages of the decision process whereas those engaged in low involvement decision process may omit some of these stages. Whatever the buying process, it is essential for the modern marketer to know the buying behavior to this or her target customer for the long term survival.

In recent years, the international business environment has been marked by far-reaching changes. In the last few years, the business environment of Nepal too, has been changed drastically. So, business has become more complex and competitive. To survive in such a changing and competitive business environment, all activities of the business must be focused on the consumer. In reality, the consumer is sovereign in decision whether to accept or reject a product on the basis of whether or not it meets perceived needs and desires. To meet perceived needs and desires of the consumers, the marketer should understand the buying behavior of consumers. But, understanding of consumer buying behavior is complex and difficult task as it is influenced by many factors, especially person-specific, psychological and socio-culture. In addition,

consumer behavior is a changing phenomenon. Consumers' needs and desires undergo change from time to time. In order to adapt business with changing pace of consumers' needs and desires, it is essential for marketers to conduct research continuously on consumers. Realizing this fact, business enterprises of advanced countries have carried out a series of researches on buying behavior. But, such practices of studying consumer buying behavior are rare in our country. Here, an attempt has been made to study the behavior on non-life insurance product in Pokhara valley.

Human advancement brings not only prosperity and development but also many risk and natural disasters. Risk are not of some kind and predictable. Risks are like Riots Strike Damage, Malicious Damage, Terrorism, Hurricane, Fire, Flood, Earthquake and other natural disasters. People losses their life and property by these disasters. To avoid from these factors people need to bear much expenditure to protect their property and life security. By the single effort is not possible. To share such burden insurance is the best median. Insurance reduces such risk by providing economic compensation to the people. Insurance encourage business man for their secure investment. It keeps secure from losses by bearing compensation. Without coverage against any economic loss our lives and livelihoods would be fear less secure and far more anxious.

Human being feels relived with assurance. If not assured people become mentally disturbed. They can not be in state of peace, if they are in assumption of any unforeseeable risk. On the other hand if people are assured of compensation against any such risk and hence losses occurred as a result of such damages they feel relieved and take of deep breath of satisfaction. Assurance for such an unpredictable risk is insurance.

Insurance product is different product from other product. Normally insurance product is base on service. Insurance companies formulate different policy and they have to sell their product in the market. All the companies have generally similar product. These are Fire, Motor, Engineering, Misc., Aviation and

Marine. Based on these product other product can be formulated i.e. Fire allied perils, Household Insurance, Marine Insurance, Personal Accident, Burglary, Money, Fidelity guarantee, Public liability, contractors' all risk, contractors plant & machinery, Electronic Equipment, Machinery Breakdown, Aviation, Group hospital indemnity plan, Travel insurance etc. Besides them scheme products are also offered by the insurance companies in Nepal, where they give more benefit from this product.

The study is focused on behavior toward product of non-life insurance Company by taking a case of Pokhara valley. Relating to buyer behavior it also comprises major buyers and their basic features, most selective insurance product, factor affecting buying decision, impact of claim settlement, status of insurable value and expenditure. Insurance companies are playing vital role for people and risk management in the development of national economy. So, it is very beneficial to the customers.

1.2 Statement of Problem

Consumer is the main factors of the market. So, any business firm needs to understand the behavior of consumer. To understand consumer behavior it is necessary to identify their current and future behavior. To need to be clear that who the prospective buyers are, whose buyer are regular and their response about the organizational product, goods and services. Insurance product is different product than other consumable product. Insurance provides economic compensation by bearing uncertain risk.

In Nepal, insurance companies are lunching their product in the market. They are also successful to expand and cover market area. By their effort people are becoming more conscious for the security their property. Whereas the area is limited, they could not cover all the regions and people. The main customers of insurance are big business houses and industrial sectors. It is challenge to include small firm and general people in the frame of insurance. Unwillingly

who take loan from the Bank by putting insurable collateral they must need to insurance because of the 'Nepal Rastria Bank provision'.

Pokhara is one of the business city of Nepal. Almost insurance companies' branches are operating their insurance business activities. They are growing rapidly and expanding their business to increase the attractiveness and carryout the consciousness to the insurance they need to do much work. Regarding this fact, this study is centered to address the buyers behavior. So, it is felt important to carryout a field study on the mater of major buyers, impact of insurance service, factors affecting of buying decision and their activities. In this attempt, the study tried to find out answer to the following research problems.

- i) Who are the main buyers and their basic features?
- ii) Which types of insurance product is more selected by buyers?
- iii) What are the major factor affecting of buying decision?
- iv) What is the impact of claim settlement to the buyers?
- v) What is the status of insurable value and expenditure for insurance product?

1.3 Objectives of the Study

This study is generally analyzes the consumers' behavior towards the product of non-life insurance company in the context of Pokhara valley. Moreover study focuses on the views of the customers in selecting the particular insurance service.

The Specific objectives of the study are listed below:

- i) To analyze the main buyers and their features.
- ii) To analyze most selective insurance product type.
- iii) To evaluate major factor affecting of buying decision.
- iv) To analyze the impact of claim settlement.

- v) To examine status of insurable value and expenditure on insurance product.

1.4 Significant of the Study

Without its significant result the research task is useless. The study is especially concerned with the consumer's behavior of non-life insurance product in Pokhara valley. This will further help the general public about the importance of insurance in the market and the service provide by them. Since this research on the particular objectives will be helpful for the upcoming researcher in the MBS dissertation. As such not more study has been done on the relevant study it will be helpful in every sector of the country, especially in the insurance market.

1.5 Limitation of the Study

Nothing is perfect in itself. Thus this study has some delimitation which is as follows:

- i) The study is for a partial fulfillment of MBS degree and prepared with the time constraint.
- ii) The product of non-life insurance derived may not be applicable to other insurance in the market.
- iii) The behavior of buyers and product can influenced by several external factors which excluded on the report.
- iv) The study is limited to the non-life of Pokhara valley only.
- v) Exact population of the study is unknown but the sample is representative.
- vi) The study is not a final study on the subject.

1.6 Organization of the Study

The study has been divided into following chapters:

- i) Introduction
- ii) Review of Literature
- iii) Research Methodology
- iv) Presentation and Analysis of Data
- v) Summary, Conclusions and Recommendations

The first chapter is about the background of the consumer's behavior, problem of the study, objective of the study, importance of the study, limitations of the study.

The second chapter has been concentrated upon review of literature and subdivides into various sections such as conceptual framework, review from different studies, review from journals, articles, magazines and review of previous related dissertations thesis.

The third chapter provides the methodology adopted in the research. It comprises research design, sources of data, methods of analysis and its descriptive presentation.

The fourth chapter shows presentation and analysis of data by using appropriate tools.

The last chapter depicts the summary, conclusions and different recommendations regarding it.

CHAPTER TWO

REVIEW OF LITERATURE

This Chapter endeavors to make a vivid review of the subject matter that are carried out previously on the consumer behavior. Sufficient review of literature is helpful to set the point departure to the study and the dimension to be added. On the subject matter, no previous research has been found to be done which specifically Analyses consumer's behavior towards product of non-life insurance in Pokhara valley.

So, a brief review of subject matter, related studies and thesis is done. This chapter contains following sections:

- i) Conceptual Review
- ii) Review of Related studied

2.1 Conceptual Review

This conceptual review aims at discussing the concept of market, marketing .The concept of evaluationof marketing, market segmentation the marketing concept and the development of marketing will be discussed. Moreover, this conceptual review also tries to clarify the concept of bases principle of marketing, marketing mix, buying behavior types of buyer etc. Not only this, the idea of consumer, models of consumer behavior, buying process and the factors affecting buying process will also be dealt. Furthermore, other important topics like consumer satisfaction, concept of insurance, development of non- life insurance in Nepal, types of insurance, Historical development of insurance, list of non-life insurance company working in Pokhara valley, and other insurance related issues will be discussed.

2.1.1 Concept of Market

Market is a convenient meeting place for buyers and sellers to gather together in order to conduct buying and selling activities (Sherlekar, 1981 : 2). Marketers see their sellers as constituting the industry and buyers as constituting the market. Business people use the term market colloquially to cover various groupings of customers like need market, product market, demographic market, and geographic market (Kotler, 1991 : 8). The size of the market depends upon the number of person who exhibit the need, have reason that interest others, and are willing to offer these resources in exchange for what they want. The market is the arena for potential exchange (Koirala, 2005 : 3).

2.1.2 Concept of Marketing

We can distinguish between a social and a managerial definition of marketing. A social definition shows the role of marketing plays in society. One marketer said the marketing role is to "deliver a higher standard of living". Here is a social definition that serves our purpose: marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, freely exchanging products and services of value with others. For a managerial definition, marketing has often been described as "the art of selling products", but people are surprised when they hear that the most important part of marketing is not selling! Selling is only the tip of the marketing iceberg. Peter Drucker, a leading management theorist, plus in this way:

There will always, one can assume, be need for some selling. But aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits them and sells itself. Ideally, marketing should result in a customer who is ready to buy. All that should be needed then is to make the product or service available.

When Sony designed its Walkman, when Nintendo designed a Superior Video game, and when Toyota introduced its Lexus automobile, these manufactures were swamped with orders because they had designed the "right" product based on careful marketing homework.

The American Marketing Association Offer the following definition. Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals. Coping with exchange process calls for a considerable amount of work and skill. Marketing management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties. We see marketing management as the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value (Kotler, 1999 : 2).

"Marketing has been developing together with development in human civilization. If we trace three-four hundred years back to the history of human civilization, we find marketing of that time, by modern standard we relatively uncultured. They did not need mechanism or tools or techniques of marketing as used today. But now all the situations have changed, the needs and wants have changed. Human aspiration for excellent and better status have given birth to thousand of discoveries, inventions and innovations and established thousands of units of different types of industry to fulfill that aspiration. These changes in turn not only in rented different sophisticated tools and techniques and effective strategies for successful marketing but also made the marketing a most competitive field" (Parajuli, 200 : 2).

There are five completing concepts under which organizations can choose to conduct their business. The production concept, the product concept, the selling concept, the marketing concept and the societal marketing concept. The first three concepts are of limited usefulness today. The marketing concepts hold

that the key to achieving organizational goals consists of determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors.

It starts with a well defined market, focuses on consumer needs, coordinates all the activities that will affects customers, and produces profits by satisfying customers.

In recent years, some have questioned whether the marketing concept is an appropriate philosophy in a world faced with major demographics and environmental challenges. The societal marketing concept holds that the organization's task is the determine the needs, wants and interest of target markets and deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserve or enhance the consumer's and the society's well beings. The concept calls upon marketers to balance three considerations (Kotler, 1999 : 3).

-) Company profits
-) Consumer satisfaction and
-) Public interest

2.1.3 Evolution of Marketing

The evolution of marketing has been analyzed in similar way by various authors in their independent works. Some of the authors were Willian J. Stanton, Philip Kotler, and Gary Armstrong etc. The different stages in the process of evolution of marketing area as follows:

a. Production Oriented Stage

The production concept lie in the philosophy that consumers will favor products that are available and highly affordable and that management should therefore focus on improving production and distribution efficiency. (Kotler1997 : 7).

Kotler and Armonstrong think that it is still a useful philosophy in two types of situations:

-) When the demand of a product exceeds the supply, management should look for ways to increase production.
-) When cost of production is high it is required to decrease to expand market. (Kotler, and Armstrong, 1997 : 7)

b. The Product Orientation Stage

The idea that the consumer will favor products that offer the most quality, performance and features and that the organization should devote its energy on making continuous product improvements. (Kotler, 1997 : 8).

c. The Sales Oriented Stage

This stage emerged with philosophy that consumers would not buy enough of the organizations products unless the organization undertakes a large- scale selling and promotion effort. (Kotler, 1997 : 8).

d. Marketing Orientation Stage

The basic target of this stage is that the achievements of organizations goal depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently that do competitors. (Kotler, 1997 : 8).

e. Societal-Marketing Orientation Stage: This is the least development in the field of marketing. The stage is based upon the fact that the organization should determine the needs/ wants and interests of the target markets and deliver the desired satisfactions more effectively than do competitors in a way that maintains or improves the consumer's and society's well being. (Kotler, 1997 : 9).

Table : 2.1
Comparative Features of Marketing Concepts

Concept	Starting Point	Focus	Means	Ends
1. Production concept (Aims at selling what can be produced)	Factory	Production orientation	<ul style="list-style-type: none"> ▪ Mass production ▪ Low price ▪ Wide availability 	Profit through production efficiency
2. Product concept (Aims at improving the product)	Factory	Product Quality Orientation	<ul style="list-style-type: none"> ▪ High Quality ▪ Innovation ▪ Performance ▪ Guarantee 	Profit through well- made products
3. Selling Concept	Factory	Seller needs orientation	<ul style="list-style-type: none"> ▪ Aggressive selling ▪ Heavy Promotion 	Profit through high scales volume
4. Marketing Concept	Market	Customer needs orientation	<ul style="list-style-type: none"> ▪ Integrate marketing 	Profit through customer satisfaction
5. Societal Marketing (Aims at promoting social welfare)	Market	Social Responsibility Orientation	<ul style="list-style-type: none"> ▪ Intergrate marketing ▪ Concern for social welfare 	Profit through customer and social well being

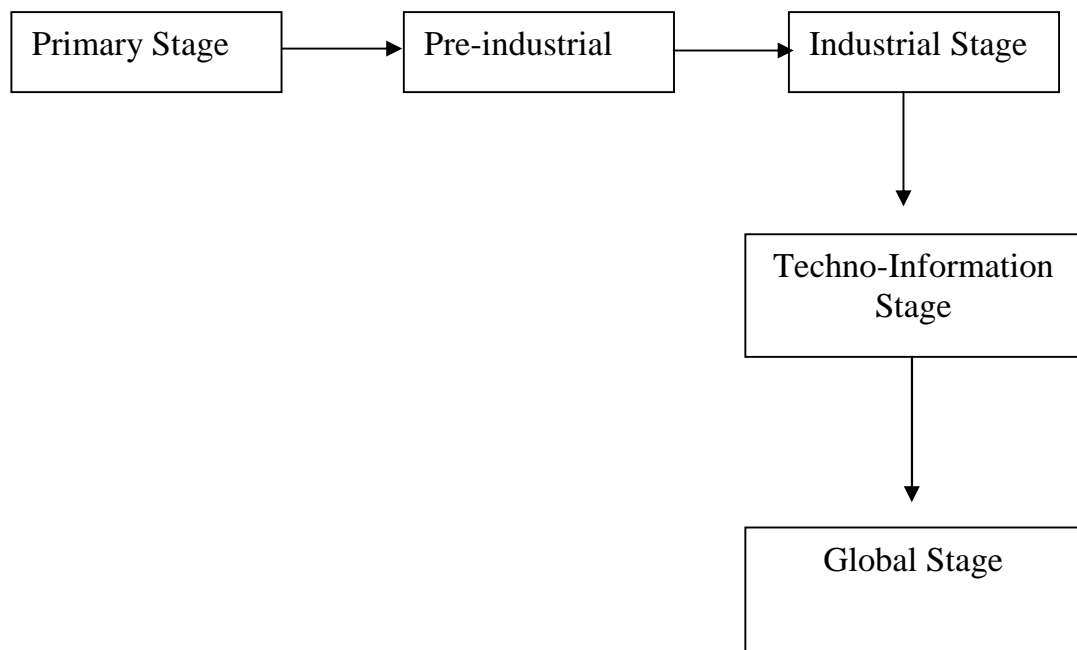
Source: Agrawal, 2001.

2.1.4 Development of Marketing

Marketing has developed in an evolutionary rather than revolution fashions. Its development has been influenced by the progress of civilization and economic development of nations.

Figure : 2.1

Stages of Marketing Development



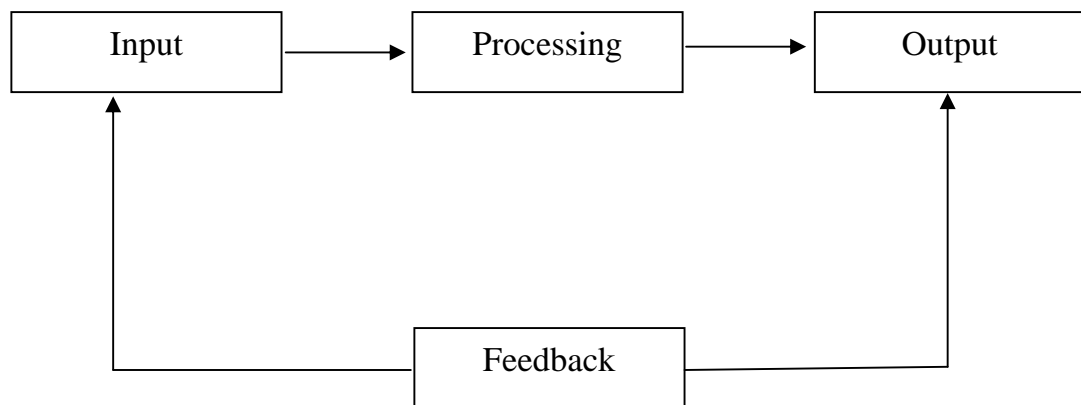
2.1.5 Basic Principle of Marketing Concept

- a) Target markets should be defined carefully. No organization can operate in every market and satisfy every need.
- b) Customer orientation is the key to organization success. Organizational activities should be focused on determining and satisfying customer needs.
- c) Integrate marketing action is the essence of customer need satisfaction. All departments in the organization should work together to serve the customers interest.
- d) The ultimate purpose of marketing concept is to help organizations achieve their objectives. Organizations can best achieve objectives by providing customer need satisfaction. (Agrawal, 2001: 5)

2.1.6 Market System

A marketing system is a unified whole composed of interrelated and interacting subsystem (parts) to achieve desired objectives. Marketing is a dynamic system consisting of input- processing- output- feedback showing in figure:

Figure : 2.2
Marketing System



- a) Input of the marketing system consists of the marketing mix elements product, price, promotion and place.
- b) Processing of the marketing system consists of environmental influences and buyer decision processes.
- c) Output of the marketing system consists of customer response reflected by profit, market share, social welfare and organizational image.
- d) Feedback provides information to design input. (Agrawal, 1999 : 23).

2.1.7 Marketing Mix

Marketing is the process of choosing markets to be in, products to offer, and prices to charge distributors to use, and message to send. Organization must create and maintain an effective marketing mix that satisfies customer needs. "Marketing mix is the set of marketing tools that organizations use to purpose their marketing objective in the target market.

Figure : 2.3

The Tools of Marketing Mix are known as 4 Ps.



- a) The four elements of marketing mix are interrelated. Decision is one element usually affect actions in others.
- b) The design, implementation and evaluation of the marketing mix constitute important aspects of the total marketing effort. Organizations should offer different marketing mix for different segments of the target market.

Now, it is necessary to go in brief of tools of marketing mix. Always market situation is measured with the help of tools of marketing mix i.e. 4 ps. If we neglect one from other the effectiveness of market situation is not measured by better way. Now, respectively we discuss about: promotion, product, price and distribution channel (Agrawal, 1999 : 10).

2.1.8 Market Segmentation

Market segmentation can be defined as the process of dividing a market into different homogeneous groups of consumers.

Market consists of buyers and buyers vary from each other in different ways. Variation depends upon different factors like wants, resources, buying attitude, locations, and buying practices. By segmentation, large heterogeneous markets are divided into smaller segments that can be managed more efficiently and effectively with products and services that match to their unique needs. So, market segmentation is beneficial for the companies serving larger markets (Thapa, 2009 : 34-38).

Criteria for selecting Market Segments

-) Measurable
A segment should be measurable. It means you should be able to tell how many potential customers and how many businesses are out there in the segment.
-) Accessible
A segment should be accessible through channels of communication and distribution like: sales force, transportation, distributors, telecom, or internet.
-) Durable
Segment should not have frequent changes attribute in it.
-) Substantial
Make sure that size of your segment is large enough to warrant as a segment and large enough to be profitable
-) Unique Needs
Segments should be different in their response to different marketing efforts (Marketing Mix).

Consumer and business markets cannot be segmented on the bases of same variables because of their inherent differences.

Bases for Consumer Market Segmentation:

There are number of variables involved in **consumer market segmentation**, alone and in combination. These variables are:

-) Geographic variables
-) Demographic variables
-) Psychographic variables
-) Behavioral variables

Geographic Segmentation

In geographical segmentation, market is divided into different geographical units like:

-) Regions (by country, nation, state, neighborhood)
-) Population Density (Urban, suburban, rural)
-) City size (Size of area, population size and growth rate)
-) Climate (Regions having similar climate pattern)

A company, either serving a few or all geographic segments, needs to put attention on variability of geographic needs and wants. After segmenting consumer market on geographic bases, companies localize their marketing efforts (product, advertising, promotion and sales efforts).

Demographic Segmentation

In **demographic segmentation**, market is divided into small segments based on demographic variables like:

-) Age
-) Gender
-) Income
-) Occupation

-) Education
-) Social Class
-) Generation
-) Family size
-) Family life cycle
-) Home Ownership
-) Religion
-) Ethnic group/Race
-) Nationality

Demographic factors are most important factors for segmenting the customers groups. Consumer needs, wants, usage rate these all depend upon demographic variables. So, considering demographic factors, while defining marketing strategy, is crucial.

Psychographic Segmentation

In Psychographic Segmentation, segments are defined on the basis of social class, lifestyle and personality characteristics.

Psychographic variables include:

-) Interests
-) Opinions
-) Personality
-) Self Image
-) Activities
-) Values
-) Attitudes

A segment having demographically grouped consumers may have different psychographic characteristics.

Behavioral Segmentation

In this segmentation market is divided into segments based on consumer knowledge, attitude, use or response to product.

Behavioral variables include:

-) Usage Rate
-) Product benefits
-) Brand Loyalty
-) Price Consciousness
-) Occasions (holidays like mother's day, New Year and Eid)
-) User Status (First Time, Regular or Potential)

Behavioral segmentation is considered most favorable segmentation tool as it uses those variables that are closely related to the product itself.

Bases for Industrial Market Segmentation

Industrial market segmentation is a scheme for categorizing industrial and business customers to guide strategic and tactical decision-making, especially in sales and marketing. While government agencies and industry associations use standardized segmentation schemes for statistical surveys, most businesses create their own segmentation scheme to meet their particular needs.

While similar to consumer market segmentation, segmenting industrial markets is different and more challenging because of greater complexity in buying processes, buying criteria, and the complexity of industrial products and services themselves. Further complications include role of financing, contracting, and complementary products/services.

The goal for every industrial market segmentation scheme is to identify the most significant differences among current and potential customers that will influence their purchase decisions or buying behavior, while keeping the

scheme as simple as possible. This will allow the industrial marketer to differentiate their prices, programs, or solutions for maximum competitive advantage. There are number of variables involved in industrial market segmentation, these variable are (Thapa, 2009 : 34-38).

-) Geographic variables
-) Demographic variables
-) Operating variables
-) Purchase related variable

Geographic Segmentation

In geographical segmentation, market is divided into different geographical units like:

-) area
-) climate
-) topography

Demographic Segmentation

In demographic segmentation, market is divided into small segments based on demographic variables like:

-) Types of industry
-) Size of business

Operating Variable:

In operating variable different units are involved:

-) Technology
-) Usage rate
-) Service Needed

Purchase related Variable:

In Purchase related Variable, industry divided into different segmentation on punching variable

-) Punching structure
-) Purchase procedure and method
-) negotiation period (Thapa 2009 : 34-38)

2.1.9 The Marketing Concept in Nepal

- a) The economy of Nepal is characterized by excessive dependence on agriculture. The industrial sector is in a developing stage. The role of services has been growing in the recent years. Due to the topographic diversity of the country coupled with poor transport and communication facilities, marketing has remained fragmented.
- b) The public sector remains dominant in the Nepalese economy. The private sector is developing and dominated by the family owned and managed business. The advent of global companies, especially in tourism and fiancé sectors, has resulted in the transfer of new marketing skill along with capital and technology.
- c) Marketing has traditionally remained a neglected aspect in Nepal. Enterprises tend to concentrate on production and selling rather than marketing. The selling concept has been serving as the marketing philosophy of Nepalese managers. The public sector has generally remained indifferent to the marketing concept.
- d) The Marketing concept has not embraced by most Nepalese organizations. This is clear from the following points:
 - Management philosophy's most organizations of Nepal does not emphasize customer oriented.
 - Target markets have not been clearly defined by most Nepalese organizations.

- Marketing information system has remained very weak in most organizations.
- Marketing activities has remained fragmented in the organization structures. They have not been organizationally coordinated. Marketing department has not a become a part of the top management team.
- Organizations tend to be more interested in producing products and making profit through selling and production. This seems least concerned about satisfying the needs of the customers.

e) Prospects for the Marketing concept:

Nepal has experienced significant socio-economic changes over the last 25 years. The supply- driven marketing where organizations could sell everything they produced, is increasingly giving way to demand driven marketing. The realization is gradually comes that customers and their needs are important in marketing. The increasing intensity of competition in the Nepalese market has also helped in this regards. (Agrawal, 2001: 9)

2.1.10 Buying Behavior

Consumer is king of the business. The success and failure of any business entirely depends upon consumer's reaction to a firm's marketing mix or strategies. Firm's marketing mix should be designed in such a way that satisfies consumer's needs and wants (Baniya. 1994:1). Consumer's needs and wants are the starting point of economic activities. In the process of satisfying these needs and wants different product and service are being invented and marketed in teh society. Consumer's need and wants are unlimited and hard to define and describe precisely. To design an effective marketing mix that satisfies consumer's unsatisfied needs and wants, a firm should know the buying behavior of consumer's (Neupane, 200 : 1).

According to Loudon and Della Bitta (1993) consumer behavior is the decision process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services (Loudon and Della Bitta, 1993 : 5).

This Section reviews the buying behaviors of the buyers along with some very vital issues like consumer analysis, consumer decision process, stages of consumer buying process are reviewed. And related subject about concept of insurance, historical development of insurance, types of insurance product are also reviewed.

If there are good services and trustworthy productions there remain good relationship between buyer and seller. As long as there has been exchange of goods and services between buyers and sellers, the ultimate success of all economic activities are depended upon producing goods and services that the buyers consider suitable. Since long before the recorded of the history, the buyers have had some freedom of choice in accepting or rejecting the product of the sellers. But in this modern period, survival of a business or a firm depends on behavior of consumers in the marketplace (Neupane, 200: 7).

Every marketer should understand the consumer's satisfaction which creates the behavior of consumer In the modern marketing era. In an era of cut-throat competition, successful marketing of the products demands a through understanding of consumers taste, choice, preference, loyalty or, say consumer behavior (Pant, 1992 : 13).

Consumer is the king of business. The understanding of how consumers and the reasons of their behavior has tremendous implications both for the marketers and the public policy makers. Such understanding is likely to help marketers to match their marketing mix or strategies with the needs of different consumer segments and it also enables public policy makers to formulate such programs and regulations (Baniya, 1994).

2.1.11 Types of buyers Behavior

Buying behavior differs greatly for a tube of toothpaste, packet of noodles, a personal computer, a cellular phone set and a new car. More complex decisions usually involve more buying participants and more buyer deliberation. There are four types of consumer buying behavior based on the degree of buyer involvement and the degree of differences among brands (Kotler and Armstrong, 2004: 197-198).

Figure : 2.4

High Low Involvement

High

Low

Involvement

Involvement

Significant Defferences between brands	Complex buying behavior	Variety seeking buying behavior
Few differences between brands	Dissionance- reducing buying behavior	Habitual buying behvaior

Source: Adapted from Henry Assael, Consumer Behavior and Marketing Action, Boston : Kent Publishing Company, 1987 : 87.

a Low Involvement purchase

It involves routine decision making. Products are repeatedly purchased as habit. Many brands, low risk, small amount of money, short purchase time, passive interest in product information, positive attitude toward the product, short term product benefits and limited interest in the product characterize low

involvement purchase. Examples are a cup of tea, loaf of bread, tube of toothpaste etc.

b High Involvement purchase (Dissonance Reducing Behavior)

It involves extensive decision making. The buying behavior is complex. Few brands, high risk, large amount of money, long purchase time, active interest in product information, uncertain attitude toward the product, long term product benefits and high interest in the product characterize high involvement purchase. Examples are Car, Motorcycle, House, Computer etc (Agrawal, 2001 : 165).

Assael distinguished four types of buying behavior based on the degree of buyer involvement and the degree of differences among brands.

1. **Complex Buying Behavior:** Complex buying behavior involves a three-step process; first, the buyer develops beliefs about the product. Second, he or she develops attitudes about the product. Third, he or she makes a thoughtful choice. When the customer is involved in complex buying, they are aware of significant- differences in brands. This is the case when the products are expensive, bought frequently risky and highly self expressive. In this case the customer does not know much about that category. For example, a person buying a personal computer may not know what attributes to look for. Many product features carry no meaning, unless the buyer has done some research. (Marsani,2007 : 19).

2. **Dissonance – Reducing Buyer Behaviour:** Sometimes the consumer is highly involved in a purchase but sees little difference in brands. The purchase is expensive, infrequent, and risky; therefore the consumer is highly involved. In this case, the buyer will go around to learn what is available but will buy when he gets a good price. After the purchase, the consumer might experience dissonance that stems from noticing certain odd features or hearing favourable things about other brands. The consumer will be alert to information

that supports his or her decision. In this case, the consumer first acted, then acquired new beliefs, then ended up with a set of attitudes. Marketing communications should supply beliefs and evaluations that help feel good about his or her brand choice (Marsani, 2007 : 19).

3. **Habitual Buying Behaviour:** There are many Products which are bought under conditions of low involvement and the absence of significant brand differences. Take a simple example of salt. Consumers have little involvement in this product category. They go to the shop and reach for the brand. If they keep reaching for the same brand, it is out of habit, not strong brand loyalty. It is evident that consumers have low involvement with most low-cost, frequently Purchased Products. With these products, consumer behaviour does not pass through the 'normal sequence of belief, attitude and, behaviour. Consumers do not search extensively for information, evaluate characteristics and make decisions on which brand to buy. Instead they are passive recipients of information the television or print ads. The repetition of ads creates brand familiarity rather than brand conviction. After making the purchase, they may not even evaluate the choice because they are not highly involved with the product. For low involvement products, the buying, process begins with brand beliefs formed by passive learning and is followed by purchase behaviour which may be followed by evaluation. (Marsani, 2007 : 19).

4. **Variety seeking Buying Behaviour:** There has some buying situation that is characterized by low involvement but significant brand differences. In such cases the consumer often goes into a lot of brand switching. Take the example of chocolates. The consumer has some beliefs about chocolates chooses a brand of chocolates without much evaluation, & evaluates the -product during consumption. Next time, the consumer may reach for another brand out of a wish for a different taste. In this case the brand switching occurs for the sake of variety rather than dissatisfaction (Marsani, 2007 : 19).

2.1.12 Consumer Analysis

Many aspects determine the success of marketing. Marketing must pay attention to various strategies so that there could be success in business along with consumer satisfaction. Marketing must address the needs and wants of targeted customer. Marketers must understand how customers select, buy, use and dispose products. They must know their customer motivations.

Behavior has a very specific quality of human being that is unique to everybody. Behavior is sum total of observable human activities. Human behaviour is a very complex process. No two people always behave in the same way. Buyer behavior influences customer's willingness to buy. "Buying behavior is the decision process and acts to customers involved in buying and using products (Kotler, 2003 : 211). The main three level of analysis in consumer behavior i.e. the individual, micro environment and macro environment.

The individual level of analysis, that focus in on identifying the processes that influence a person in the acquisition, consumption and disposition phase, the micro environment consists of those interpersonal and situational factors outside of the person that influence consumer behavior at any particular point in time. Thus, one would investigate the role of group influence on the purchase process. So, the researcher would analyze the effect of word-of-mouth communication on the buying process and the macro level consists of the broad set of forces that influence large numbers of consumers to act similarly. Types of macro environments include the effects of culture, subculture, social class, economic conditions and governmental regulations. Marketers attempt to provide answers to the following question by studying consumer behavior (Mowen, 1990 : 9).

Who participates in the buying :

- What do they buy?
- When do they buy?
- Where do they buy?
- How do they buy?

Participants in buying decisions :

- Object of buying?
- Occasions for buying?
- Channel for buying?
- Frequency of buying?

2.1.13 Models of consumer behavior

Consumer behavior models describe the decision making or choice process of consumer, there are six comprehensive models of consumer behavior they are Howard-Sheth model, Nicosia model, Engel-Kollat-Blackwell model, sheth family decision making model, Bettman's information processing model of consumer choice (Schiffman & Kanuk, 1990 : 652). These models reflect an effort to order and integrate the huge number of bits and pieces of knowledge that are now known about consumer behavior.

i. Howard-Seth Model

In 1969, John A Howard and Jagdish N. Seth developed a theory of consumer decision making called Howard-Sheth model. The Howard-Sheth model is major revision of an earlier systematic effort to develop a comprehensive theory of consumer decision making (Howard and Sheth, 1969 : 24). This model explicitly distinguishes among three levels of learning (stages of decision making).

- i) Extensive Problem solving :- The consumer's knowledge and beliefs about brands are very limited or nonexistent. At this initial point, the buyer has no brand preference and therefore actively seeks information about a number of alternative brands.
- ii) Limited Problem solving:- Knowledge and beliefs about the brands are only partially established, which means that the consumer is not fully able to assess brand differences in order to arrive at a preference. Some

comparative brand information is sought, although the choice criteria are likely to be fairly well defined.

- iii) Reutilized response behavior:- The consumer's knowledge and beliefs about brands are well established, and there is enough experience and information to avoid confusion about the various brands. The consumer is predisposed to the purchase of one particular brand.

These three stages of decision making are characterized by great, moderate and little amount of information needed prior to purchase and slow, moderate and fast speed of decision respectively. The model consists of four major sets of variables (Schiffman & Kanuk, 1990 : 654).

i. Input variables

- a Physical brand characteristics (significant stimuli)
- b Verbal or Visual product characteristics (Symbolic stimuli)
- c Consumer's social environment (family, reference groups, social class).
- ii. Perceptual and learning constructs: The Howard- sheth model consists of psychological variables that are assumed to operate when the consumer is contemplating a decision.
- iii. Outputs: The model indicates a series of outputs that correspond in name to some of the perceptual and learningconstructvariables (attention,brand comprehension, attitudes, intention) in addition to the actual purchase.
- iv. Exogenous Variables: Exogenous variables are not directly part of the decision making process. Relevant exogenous variables include the importance of the purchase, consumer personality traits, time pressure and financial status.

ii. Nicosia Model

This Nicosia model developed by Francesco M.Nicosia.focuses on the relationship between the firm and its potential consumers. In broadest terms,

the firm communicates with consumers through its marketing messages (advertising) and consumers communicate with the firm by their purchase responses. Thus the Nicosia model is interactive in design: the firm tries to influence consumers, and the consumers- by their actions (or inaction)- influence the firm.

The Nicosia model is divided into four major fields (Schiffman & Kanuk, 1990 : 653).

Field -1: The consumer's attitude based on firm's message.

Field -2: Search and evaluation

Field -3: The act of purchase.

Field-4: Feedback

iii. Engel-Kollat-Blackwell Model

This model developed of Engle kollat and Blackwell in 1968 conceives a person as being a system with outputs (behavior) that respond to input. The Engel-Kollat- Blackwell model of consumer behavior (Engel Blackwell Miniard model in its current revision) was originally designed to serve as a framework for organizing the fast growing body of knowledge concerning consumer behavior (Engel, Kollat & Blackwell,1968 : 40). The latest version of this comprehensive model, which consists of four sections (Engel, Blackwell & Miniard, 1968 : 35).

i. Decision Process Stages: The central focus of the model is on five basic decision process stages:

- a) Problem recognition
- b) Search
- c) Alternative evaluation
- d) purchase, and
- e) Outcomes

- ii. Information input: Feeding into the information- processing section of the model is information from marketing and non marketing sources.
- iii. Information Processing: The information processing section of the model consists of the consumer's exposure, attention, comprehension/ perception, yielding/acceptance, and retention of incoming marketer-dominated and non marketing information.
- iv. Variables influencing the decision process: The last section of the model consists of individual and environmental influences that affect all five stages of the decision process. Individual characteristics include motives, values, lifestyle and personality. The social influences are culture, reference groups and family. Situational influences, such as a consumer's financial condition, also influence the decision process.

iv. Sheth Family Decision Making Model

The sheth family decision making considered the family as the appropriate consumer decision making unit and it suggest that joint decision making tend to prevail in families that are middle class ,newly married and aloes knit, with prescribes family role , in term of product specific, it suggest that joint decision making is mire prevalent in situation of high perceived risk uncertainty when the purchase decision is ample to make a decision.

The right side of the model lists seven factors that influence whether a specific purchase decision will be autonomous or Join: social class, lifestyle, role orientation, family lifecycle stage, perceived risk, product importance, and time pressure. The model suggests that joint decision making tends to prevail in families that are middle class, newly married, and close-knit, with few prescribed family roles. In terms of product specific factors, it suggests that join decision making is more prevalent when there is a great deal of perceived risk or uncertainty, when the purchase decision is considered to be important, and when there is ample time to make a decision. (Schiffman & Kanuk, 1990 : 659).

v. Bettman's Information – Processing Model of consumer choice

This Bettman's information processing model of consumer choice is developed by James R. Bettman. Bettman's model of consumer choice subscribes to a distinctly cognitive and information – processing point of view (Battman: 1979: 659). Consistent with this perspective, the consumer is portrayed as possessing a limited capacity for processing information. When faced with a choice, the consumer rarely (if ever) undertakes very complex analysis of available alternatives. As suggested by the model, the consumer typically employs simple decision strategies or heuristics. The overview of the Bettman model contains its seven basic components (Schiffman & Kanuk, 1990 : 659).

- i. Processing capacity,
- ii. Motivation,
- iii. Attention and perceptual encoding,
- iv. Information acquisition and evaluation,
- v. Memory,
- vi. Decision processes, and
- vii. Consumption and learning processes,

In addition, the model includes, at appropriate points, mechanisms that continually scan the environment, and receive and respond to interruptions.

vi. Sheth-Newman-Gross Model

The model concentrates on accessing consumption relevant values that explain why consumers choose to buy or not to buy (or to use or not to use) a specific product, why consumers choose one product type over another, and to consumer choices involving a full range of product types (consumer non-durables, consumer durables, industrial goods and services) (Sheth, Newman and Cross,1990 : 586).In Simple terms, The Sheth-Newman-Gross model is rotted in three central Propositions. (Schiffman & Kanuk, 1993 : 586).

- i. Consumer choice is a function of a small number of consumption values.
- ii. Specific consumption values make differential contributions in any given choice situation.
- iii. Different consumption values are independent.

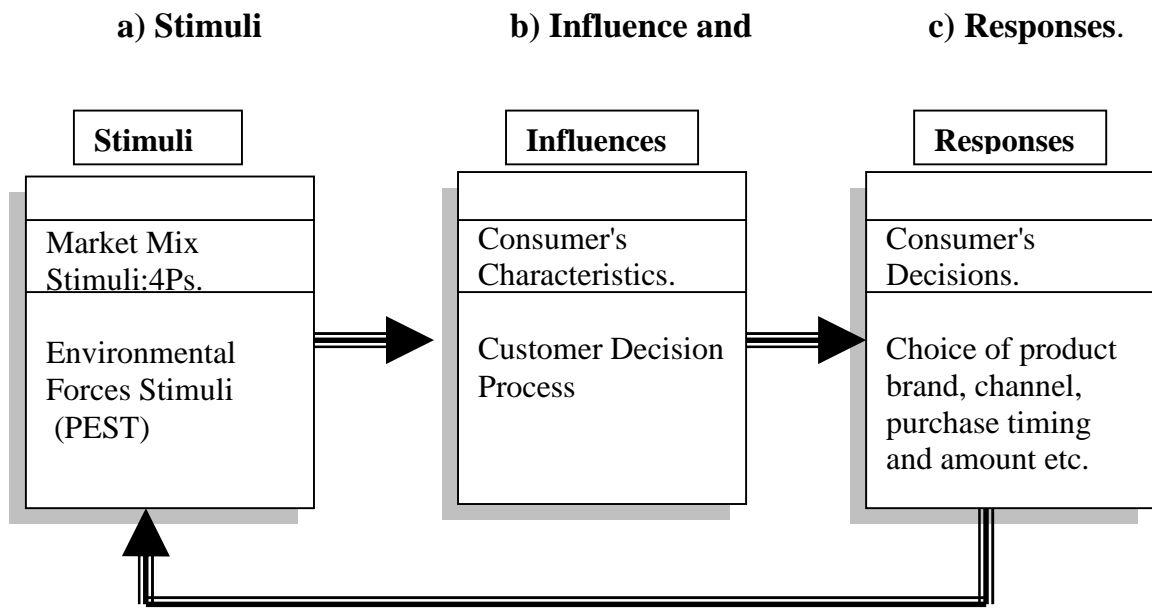
This model of consumer choice behavior identifies the five consumption values, namely: (Schiffman and Kanuk, 1993 : 669).

- i Functional value
- ii Social Value
- iii Emotional Value
- iv Epistemic Value
- v Conditional Value

The first three models (Nicosia Model, Howard-Sheth Model, Engel- Kollat-Blackwell Model) focus on consumer decision making, especially on how individual consumers arrive at brand choices. The fourth model (Sheth family decision making model) deals with family decision making. The fifth model (Bettman's information processing model of consumer choice) focuses on the cognitive aspects of information search and processing and indicates how consumers employ information to arrive at various types of buying decisions. The final model of consumer behavior is concerned with consumption values, especially why consumers choose to buy or not to buy a specific product, specific type of product or a specific brand.

Figure 2.5 presents a model for studying consumer behavior. The model has the following key features:

Figure : 2.5
Post Purchase Feedback



a) Stimuli: Consumer is stimulated by:

-) Marketing mix consisting of product, price, place and promotion variables.
-) Environmental forces consisting of political, economic, technological and socio-cultural variables.

b) Influences: Consumers are influenced by

i) Consumer characteristics: They consist of

-) Culture: It determines a person's wants and behavior. Each culture consists subcultures- nationalities, religions, and racial groups. Social class is also important for consumer behavior.
-) Social: They are references group, family, social roles and status.
-) Personal: They are age and stage in life cycle, occupation, income, lifestyle, personality.

-) Psychological: They are motivation, perception, learning, beliefs, and attitudes.
 -) Economic: Level of income, liquid assets, saving, debts, credit availability etc.
- ii) Consumer Decision process:** It consists of
-) Problem recognition.
 -) Information search
 -) Evaluation of alternatives
 -) Purchase decision
 -) Post purchase behavior
- c) Consumer Response:** Following are Consumer decision about
-) Product choice
 -) Brand choice
 -) Channel choice
 -) purchase timing
 -) purchase amount (Agrawal, 2001 : 164)

Post Purchase Feedback

It provides information about consumer satisfaction or disappointment about product performance. It helps to redesign marketing mix.

2.1.14 Consumer Buying Process

Consumers are faced by the decision to buy or not to buy several times a day. It is important to understand how they actually make their buying decisions. Consumer buying process influences consumer buying decisions. Types of buying decisions are:

a Low Involvement Purchase

It involves routine decision making. Products are repeatedly purchased as habit. Many brands, low risk, small amount of money, short purchase time, passive interest in product information, positive attitude toward the product, short term product benefits and limited interest in the product characterize low involvement purchase. Examples are a cup of tea, loaf of bread, tube of toothpaste etc.

b High Involvement purchase (Dissonance Reducing Behavior)

It involves extensive decision making. The buying behavior is complex. Few brands, high risk, large amount of money, long purchase time, active interest in product information, uncertain attitude toward the product, long term product benefits and high interest in the product characterize high involvement purchase. Examples are Car, Motorcycle, House, Computer etc. (Agrawal, 2001: 165)

c Buying Roles: Roles that people play in buying decision can be:

-) Initiator: First to suggest the idea of buying the product.
-) Influencer: Gives advice to influence decision.
-) Decider: Decides about buying.
-) Buyer: Makes the actual purchase
-) User: uses the product.

d Stage of Consumer Buying Process

Consumer behavior Studies how people buy, what they buy, when they buy and why they buy. It blends elements from psychology, sociology, sociopsychology, anthropology and economics. It attempts to understand the buyer decision processes/buyer decision making process, both individually and in groups.

Belch and Belch define consumer behavior as 'the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires' (http://en.wikipedia.org/wiki/Consumer_behaviour).

There are five stages into the consumer buying process. They are:

i. Problem recognition

Problem recognition is that result when there is a difference between one's desired state and one's actual state. Consumers are motivated to address this discrepancy and therefore they commence the buying process.

Sources of problem recognition include:

-) Consumer needs and wants
-) Related products/purchases
-) Marketer-induced
-) New products
-) An item is out of stock
-) Dissatisfaction with a current product or service

The relevant internal psychological process that is associated with problem recognition is motivation.

ii. Information Search

Once the consumer has recognized a problem, they search for information on products and services that can solve that problem. Sources of information include:

-) Commercial sources
-) Public sources
-) Personal sources

In other words Personal experience Perception is defined as 'the process by which an individual receives, selects, organizes, and interprets information to create a meaningful picture of the world. The relevant internal psychological process that is associated with information search is perception.

The selective perception process Stage Description Selective exposure consumers. Select which promotional messages they will expose themselves to. Selective attention consumers' select which promotional messages they will pay attention to Selective comprehension consumer interpret messages in line with their beliefs, attitudes, motives and experiences Selective retention consumers remember messages that are more meaningful or important to them.

iii. Information evaluation

At this time the consumer compares the brands and products that are in their evoked set. How can the marketing organization increase the likelihood that their brand is part of the consumer's evoked (consideration) set? Consumers evaluate alternatives in terms of the functional and psychological benefits that they offer. The marketing organization needs to understand what benefits consumers are seeking and therefore which attributes are most important in terms of making a decision.

The relevant internal psychological process that is associated with the alternative evaluation stage is attitude formation.

iv. Purchase decision

There remains many alternative to the consumers and they have to make a good evaluation of alternative .Once the alternatives have been evaluated, the consumer is ready to make a purchase decision. Sometimes purchase intention does not result in an actual purchase. The marketing organization must facilitate the consumer to act on their purchase intention. The provision of credit or payment terms may encourage purchase, or a sales promotion such as

the opportunity to receive a premium or enter a competition may provide an incentive to buy now. The relevant internal psychological process that is associated with purchase decision integration. (http://en.wikipedia.org/wiki/Consumer_behaviour_Basic_model_of_consumer_decision_making).

v. Post Purchase Behaviour

The issue of satisfaction or dissatisfaction can't be predicted before the purchase. It is only after purchasing the product, the consumer may be satisfied or disappointed. Satisfied consumers continue to purchase and develop brand loyalty. Disappointed consumers stop purchasing the product and dissuade other from buying it. If performance exceeds expectations, the consumer is delighted. When consumers experience anxiety over their purchase decision- it is called cognitive dissonance. Marketers should take steps to reduce this anxiety through follow-up, post purchase services, speedy handling of consumer grievances and persuasive communication.

Disposal of products by consumers after use is also an important post purchase decision. They can get rid of it temporarily or get rid of it permanently or keep it. Permanent disposal can be: sell the product, exchange it for another product, give it free of cost, trade it and throw it away. Temporary disposal can be by renting or lending the product. Consumers can keep the product for original purpose or new purpose use or for storing.

2.1.15 Factors Affecting Consumer Buying Decision

Affecting the factors, consumer react different behavior. Consumer buying decisions are influenced by:

- i. Economic Factors:** Economic factors greatly affect buying decisions. They consist of:

-) Savings, debt, credit, availability: They all affect consumer expenditure levels. High savings result in lower interest rates. Credit availability by bank becomes cheaper through lower interest rates. This increases the level of consumer spending.
-) Economic conditions: consumers' good economic conditions increase the spending worse condition is decreasing the consumption
-) Level of Income: The ability to spend is determined by the level of spendable income. Product choice of income-sensitive products is very much dependent on income level.
-) Liquid assets: Consumers who do not have regular income may possess liquid assets liked gold and shares. They provide spending power to the consumers.

ii. Personal Factors

-) Family Size: Family size determines the level of expenditure and product choice. Buying decisions in larger families favour brand loyalty.
-) Family life cycle: The family life cycle influences spending patterns. Product interests differ according to the stage in family life cycle; single, bachelors, married, married with children and old.
-) Occupation: Occupation influences the consumption pattern. Factory workers buy work clothes. Bank managers buy expensive suits. Professional people generally dress properly.
-) Age: Consumers buy different products according to age group. Their taste in food, clothes, recreation is age-related. Young consumers like to experiment new products and wear jeans. Older consumers prefer brand loyalty and dress conservatively
-) Gender: Male and female exhibit many differences in their buying behavior. Their needs also different.

iii. Psychological Factors: Psychological factors consist of motivation, perception, learning, attitude, personality and life style.

-) Attitude: Attitude is just evaluation of certain objects. It reflects likes and dislikes of consumers. An attitude is person's learned predisposition to respond toward some object in a consistently favorable or unfavorable way. Personal experiences, environment and situations mould the attitude. They are learned, have consistency, and are either favorable or unfavorable about objects. Attitudes influence consumer behavior. Generally, it is easy to change products than it is to change consumer's attitudes. Marketers should fit products into existing attitudes.
-) Belief: A belief is a descriptive thought that a consumer holds about something. It may be based on knowledge, opinion or faith. Beliefs make up product and brand images.
-) Personality: Personality is an individual's psychological traits that lead to enduring behavioral responses. Personality traits can be: dominance or autonomy, self-confidence or dependency, extrovert or introvert, adaptability or dogmatism, aggressive or friendly.
-) Life style: Life style is person's pattern of living reflected in his activities, interests and opinions.
-) Motivation: A motive is pressing need that drives consumers to seek satisfaction. It directs them to act toward goal-oriented behavior to reduce tension. Motives motivate consumers. Motivation is an activated state within the consumer that leads to goal oriented behavior. A motivated consumer is ready to act.
-) Perception: Perception influences how the motivated consumer actually acts. Perception is the process of selection, organizing and interpreting information inputs by an individual to produce meaning. Consumers receive information through the five senses i.e. see, hear, test, smell and touch. Perception gives meaning go information.
-) Learning: When consumes act, they learn. Learning is changes in an individual's behavior resulting from information and experience. Most of human behavior is learned.

- iv. Socio-cultural Culture:** Social factors are influences that other people exert on consumer behavior. They consist of reference groups, family, and social class.
-) Roles and status: role consists of activities that a person is expected to performing many groups. Consumers perform many roles. Consumers choose products that communicate their role in the society. Status provided by the role. Products provide status symbol.
 -) Social class culture: Ranking within a society determined by its members constitutes social class. It can be upper, middle and lower. It indicates preferences and life style. Members share similar values, interests and behavior, social class reflects income, occupation, education and area of residence.
 -) Reference groups: Reference groups consist of groups that have a direct or indirect influence on the consumer's attitudes or behavior. They serve as points of reference for consumer's judgment.
 -) Family: Two or more persons related by blood, marriage or adoption who reside together constitute a family. The activities performed by each member influences family purchase decision. The roles are initiator, influencer, decider, buyer, users.
 -) Culture: Culture is represented by symbols and artifacts created by a society and handed down from generation to generation. The symbols may be values, attitudes, beliefs, language, and religion. Culture is learned behavior. It changes over time. Cross-cultural influences and new challenges in the society influence consumer behavior. Food habits are very much influenced by cultural norms.
 -) Subculture: Each culture consists of smaller subcultures. Subculture is subdivision of culture based on homogeneous characteristics such as religion, language, race, caste, ethnicity etc. Subcultures provide more specific identification and socialization for its members. They serve as important market segments. Marketers should design marketing mixes tailored to the need of specific subcultures (Agrawal, 2001 : 169).

2.1.16 Customer Satisfaction

Satisfaction is a function of performance and expectations. It is the customer's perceived performance from a product in relation to the expectations. Organizations should aim for total customer satisfaction. Customer satisfaction is the goal of marketing concept. It is post purchase outcome (Agrawal, 2001: 152).

Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance in relation to his/ her expectations (Kotler, 1974 : 325).

The consumer is:

Dissatisfied: If the performance falls short of expectations.

Satisfied: If the performance matches the expectations.

Delighted (Highly satisfied): If the performance exceeds the expectations.

Customer expectations are formed by:

-) Past experience of buying.
-) Advice from friends and relatives.
-) Marketing promotion and promises.

2.1.17 Concept of Insurance

Future can't be predicted . In every step there can be risk and uncertainty. Again we can't predict the result of such risk and uncertainty. Risk and uncertainty are closely related concepts. Essentially, uncertainty arises from people's inability to accurately predict future events, often there is a dual problem, i.e. whether a particular event will occur at all and, if it does, its consequences. It reveals two important characteristics of risk and uncertainty.

The first is the existence of a chance of loss that may or may not be capable of objective measurement. The second is that persons from subjective views about uncertainties which often influence their consequent behavior (Dionee, 2000 : 1).

Risks of accident, fire, catastrophes, theft, assaults, etc. are the examples in which human life exposed. In such risks, people have to bear losses. Such uncertainties have great role and impact over the lives of people. The protection measure on such uncertainty is insurance which tries to minimize risk.

Insurance is a very social phenomenon where large number of people from every level of society united to fight with risks. They collect money and contribute to them who suffer loss. In other words, taking from fortunate and giving to unfortunate is insurance. Insurance companies collect huge premium with large number of customers. They can invest the money like other financial institutions but the major difference of insurance company with other financial institution is it collects the premium for future probable claim of its customers.

The term insurance can't be defined by a single definition. It may be different from social, economic, legal, risk management and other aspects. Insurance is the pooling of fortuitous losses by transfer of such risk to insurers, who agree to indemnify insured for such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with the risk (Rejda, 2006 : 40)

The above definition is very useful to describe a typical insurance plan. It focus on few requirements of a insurance plan like pooling of fortuitous losses, transfer of risk and indemnification. These are the pillars of insurance. Polling of loss refers the risks that are collected from a large number of people and spread the actual loss to overall. This example give a real picture: 1000 people pay Rs. 1000 as premium for their homes and a home burn out totally costing

Rs. 100,000. In this case, Rs.100 will be the actual loss over 1000 people. Fortuitous risk means such risk that is uncertain at the time of insurance. It has only chance to loss. Transfer of risk means the risk of insured is transferred to insurer. The insurer will indemnify the insured in case of any loss. Indemnification for losses means to restore the insured to his approximate financial position prior to the occurrence of loss. For example if one becomes disabled, a disability income insurance policy will restore at least part of lost wage (Dionee, 2000 : 21).

i. Legal Concept

legal process in insurance is very important .It binds both parties in certain limits from which both parties feel safe and no party can move either forward or backward from this. Insurance is a contract between two parties whereby one party called insurer undertakes, in exchange for a fixed sum called premium, to pay the other party called insured a fixed amount of money on the happening of a certain event (Mishra, 2001 : 30).

A contract where by one person called insurer undertakes to pay the another person called assured a sum of money or its equivalent ton the happening of specified event in the return for the agreed consideration called the premium (Hardy and Irmay, 1979 : 3).

Insurance can also be defined as contract whereby one party called the insurer agrees to indemnify the other party known as the insured on the happening of certain event insured against in consideration of certain sum of money known as the premium.

Insurance is a contractual arrangement whereby one party agree to compensate another party for losses. We call the party agreeing to pay for the losses the insurer. We call the party whose loss causes the insurer to make claims payment the insured we call the payment the insurer receives a premium. We

call the insurance contract a policy. We call the insured's possibility of loss the insured's exposure to loss to the insurer by purchasing an insurance policy.

Essentials of contract such as offer and acceptance, consideration, free consent of both parties, capacity of the parties to contract and the legality of the contract apply to insurance contract. In addition to these following fundamental principles also applies. (Pant, 2007 : 26).

-) Proximate cause
-) Principle of Indemnity
-) Insurable interest.
-) Principle of utmost good faith

There are always two Parties involved in insurance. One who collects premium and gives assurance for settlement in case of loss is known as insurer. Another who pays premium to the insurer is known as insured. Insurance is a legal contract between insurer and insured which should be supported by state's legislation.

Buyer of insurance product pays a fixed premium in exchange for a promise of compensation in the event of some specified economic loss for example a fire or theft. By pooling such many risk insurance a predictable expenses. Insurance suffers from incentive problems – specifically, moral hazard and adverse selection. Moral hazard is a risk to an insurance company resulting from uncertainty about the honesty of the insured. Misleading information about the risk or event may benefit the insured but it is harmful for the insurance company. People with small risks do not buy insurance but people with large risks generally buy insurance policy.

ii. Cooperative Concept

Insurance is defined as a co-operative device to spread the loss caused by particular risks over a number of persons who are exposed to it and who agree

to ensure themselves against the risk (Mishra, 2001: 33). Insurance is simply a co-operative form of distributing a certain risk over a groups of person exposed it (Ghosh & Agrawala, 1958 : 14).

Insurance is financial arrangement that redistributes the costs of unexpected losses. Insurance involves the transfer of potential losses to an insurance pool. The pools combines all the potential losses and then transfer the cost of predicated losses back to the exposed. Thus, insurance involves the transfer of loss exposures to an insurance pool and the redistribution of losses among the members of the pool .Traditionally insurance is a co-operative device in a particular society but now coperate sector is managing its functions. However, it works on the similar principle today. Coperate sector collects premium from people who want to be secure against same kinds of risks and in case of loss, it indemnify the claim from the money of other policyholders.

The function of insurance is to spread the loss over a large number of persons who are agreed to co-operate each other at the time of loss. The risk cannot be averted but loss occurring due to certain risk and be distributed among the agreed persons.

In this way, we and find a blend of legal as well as co-opeative component in insurance dealing.

2.1.18 Historical Development of Insurance

There is a long history of development of insurance. The history of insurance goes back to 5000 years with practice of risk sharing among Chinese merchants (Dinsdale, 1958 : 4). The origin of insurance is lost in antiquity. The earliest traces of insurance in the ancient world are found in the form of marine trade loans or carriers. Contracts which included on element of insurance evidence is on record that arrangements embodying the idea of insurance were made in Babylonia and India at quit and early period. In Rigved, the most sacred book of India references was made to the concept 'Yogakshema' more or less akin to

the well-being and security of the people. The codes of Hammurabi and of Manu had recognized the advisability of provision for sharing the future losses. However, there is no evidence that insurance in its present form was practiced prior to the twelfth century (Mishra, 2001: 10). In the case of development of the insurance Marine insurance is the first insurance then after fire insurance, Life insurance & other varieties of Miscellaneous Insurance.

However the History of insurance in Nepal is not so long. Before insurance activities there was 'Guthi' system in Nepal. 'Nepal Mal Chalani Tatha Beema Company Ltd.' a captive company of Nepal Bank Ltd. was started formally on 2004 Aswin B.S. initiating insurance business in Nepal. Its name was changed to 'Nepal Insurance and Transportation Co.Ltd.' in 2016 B.S. and finally in 2048 B.S. it turned into 'Nepal Insurance Co.Ltd.'. Another milestone in Nepalese insurance history was establishment of 'Rastriya Beema Sanstha Private Ltd.' in 2024 Poush 1st B.S. that turned into 'Rastriya Beema Sansthan' after a year of its establishment. Currently there are 22 insurance companies in Nepal and the financial health of these companies are at different levels. In the Sector of Life insurance there are 7 and 15 are working in non-life insurance (Dhugana, 2009 : 13).

2.1.19 Evolution of Non-Life Insurance in Nepal

The modern insurance in Nepal was developed only after the establishment of the first commercial bank, Nepal Bank Limited & some other industries like Biratnagar Jute Mill, Juddha Match Factory, etc. At 1992 B.S., Rana Prime Minister Juddha Shumsher Jung Bahadur Rana brought the concept of insurance policy in Nepal. At these early period Indian Insurance Company was operating its business in Nepal & there was no such corporation registered in Nepal before 2004 B.S. (1947 AD). In 2004 B.S. Nepal Bima and Chalani Company was established to make insurance of the trade that took place between India and Nepal. In 2016 B.S.; Nepal Insurance and Transport Company was established with the investment of Nepal bank Ltd. The business of this

insurance company was limited only to the customs of Nepal Bank Ltd itself, which was again renamed as Nepal Insurance Company Ltd. Therefore, the insurance transaction was heavily dependent upon the agents of Indian companies mainly Indian Life Insurance Corporation, Oriented Fire and General Insurance Company, Rubi General Insurance Company and Sterling General Insurance Company.

In 2024/09/01, Rastriya BeemaS hashtan was established as a limited company under joint venture of public and private sector. This was the first ever established insurance company which started its business from 2024/11/11 by insuring the motor vehicle of Late King Mahendra. In 2025, this private company was changed into corporation and named Rastriya Beema Shansthan which was brought under Rastriya Beema Shansthan Act 2025. In 2024, HMG organized Beema Committee consisting of 5 members which was respondent for the overall operation and management of insurance business in Nepal. The first insurance company established from the private sector was National Life and General Insurance Company Private Limited in 2043B.S. which started its business in 2044. Currently there are 22 insurance companies in Nepal had the financial health of these companies are at different levels. In the Sector of Life insurance there are 7 and 15 are working in non- life insurance. (Dhungana, 2009 : 13).

2.1.20 Types of Insurance

The authorized body, Insurance Board of Nepal has categorized in three parts these are Life insurance, non-life Company and Reinsurance.

i. Life Insurance:- Life Insurance is different from other insurance in the sense that, here the subject matter of insurance is life of human being. The insurer will pay the fixed amount of insurance at the time of death or at the expiry of certain period. At present, life insurance enjoys maximum scope because the life is the most important property of the society or an individual.

Each and every person requires the insurance. This insurance provides protection to the family at the premature death or gives adequate amount at the old age when earning capacities are reduced. Under personal insurance a payment is made at the accident. The Insurance is not only a protection but is a sort of investment because a certain sum is returnable to the insured at the death or the expiry of a period. The business of life insurance is wholly done by the life insurance companies in Nepal.

ii. Non life Insurance:- The Non life includes property insurance, liability insurance and other forms of insurance. Fire and Marine insurances are strictly called property insurance. Motor, Theft Fidelity and machine insurances include the extent of liability insurance to certain extent. The Strictest form of liability insurance is fidelity insurance, whereby the insurer compensates the loss to the insured when he is under the liability of payment to the third party (Mishra, 2001 : 13).

iii. Reinsurance Insurance:- Reinsurance is transaction between two insurance companies in which one insurance company purchases insurance from another insurance company. Reinsurance is a separate kind of insurance transaction rather than a separate branch of insurance business. The company originally writing the insurance for a consumer is called primary insurer or ceding company. The insurance company from which the primary insurer purchases insurance is called re-insurer. The re-insurer agrees to indemnify the primary insurer in the event that the primary insurer must indemnify its insured for a covered loss. Insurance Board of Nepal (BeemaSamiti) has classified non-life insurance business in six major sectors that are the main product of non life. They are Marine insurance, Fire insurance, Motor insurance, Aviation insurance, Engineering insurance and Miscellaneous insurance (Insurance Act) ([http:// www.bsib.org.np/insurance.htm](http://www.bsib.org.np/insurance.htm)).

a Marine Insurance

Marine insurance is a contract between insurers, insured whereby the insurer undertakes to indemnify the insured in a manner, and to the interest thereby agree, against marine losses incident to marine adventure. It is an old form of insurance. There are three types of Marine.

-) Hull insurance: Hull insurance includes the insurance of vessel and its equipments, sailing vessels, ocean steamers and so on.
-) Cargo insurance: Cargo insurance includes the insurance of cargo like wares, merchandise, property, goods and so on.
-) Freight insurance: Freight is to be payable for the carriage cargoes or if the vessel is chartered, the money to be paid for the use of vessel. The carrier is unable to earn if the goods of property are not safely transported.
-) Liability insurance: Liability hazards such as collision or running down may be included by marine insurance policy. All the terms and conditions should be mentioned clearly in the policy.

b Fire Insurance

The insurance that compensates the insurance from the disaster of fire is called fire insurance. It relieves the insured from the horror of fire loss to which he exposed. In Nepal, fire risk is compulsory to form fire insurance policy and other risks such as earthquake, riot strike damage, malicious damage, terrorism, subsidence, landslide, hurricane/ typhoon, flood / inundation, impact damage, explosion, aircraft damage are the optional risks which can be added in fire insurance policy as per the requirement of insured.

c Motor Insurance

The rate of premium is standardized in Nepal because the business is based on prescribed tariff by the Insurance Board. No insurer can charge lower rates than

the tariff rates and no insurance can grant benefits exceeding than those arranged by the tariff. Vehicles are classified by motor tariff in three categories these are private cars, commercial vehicles and two wheelers. Comprehensive policy covers own damage, Third party loss, Fire, Theft, Malicious damage, Earthquake, Flood etc. Motor insurance policy may include Riot strike damage and Terrorism risks. Moreover, personal accident insurance can also be included in Motor policy.

d Aviation Insurance

Aviation insurance is insurance is of aircraft and related aircraft activities. One aspect of aviation insurance is Aircraft Hull. Another aspect is aircraft operators carrying passengers that may incur public liability for which Aircraft Liability insurance in required. Airports can also incur liability; this is termed Airport owners and Operators Liability insurance (http://www.saia.co.za/consumerissues/ci_glossary.htm).

Contractor's All Risk (CAR) and Engineering Insurance

Contractor's All Risk insurance covers for civil works like buildings and marine works like bridges, dams, sea walls etc. It also covers plant and machinery used for construction as well as temporary structures set up to support the construction. It further covers for natural calamities, third party liability and covers for entire period of construction that may spread over a number of years.

e Miscellaneous Insurance

There are various other policies to cover several kinds of risk in non-life insurance. Some of the important are presented hereunder.

) **Money-in-Transit Insurance:** This insurance covers money in transit between banks to central bank or other specified place, between one branch of insured to another. It covers for robbery, hold-up and dacoity

in addition to burglary, housebreaking and theft. It can be extended to cover for money in counter and money in safe of strong room.

-) **Machinery Breakdown Policy:** It covers damage to machines. Any unforeseen and sudden damages to machinery by causes such as short circuit, action of the centrifugal forces, shortage of water in boiler, faulty design, bad workmanship, erection faults, lack of skill, carelessness, malicious damage etc.
-) **Medical Insurance:** The age eligibility for medical insurance is below 60 years in Nepal. It covers for physician's services, outpatient hospital services, home health care services and other medical and health care services such as diagnostic tested, x-rays and radiation treatments.
-) **Accidental Insurance:** The age eligibility for Accidental insurance is below 60 years. It covers for death, permanent disability, permanent temporary disability, medical expenses and wages due to accident. It covers for 24 hours a day and worldwide during the insurance policy period. Terrorism risk may also include in this policy.
-) **Burglary Insurance:** Business premises are generally covered against burglary and house breaking only. Mere theft without the use of force and violence is not covered. Robbery and dacoity being aggravated form of theft and falls under Burglary and house breaking.

Others

There are plenty of product expect above as Fidelity guarantee insurance, Public liability insurance, Household insurance, Cattle insurance, Corp insurance, Labour compensation, Boiler insurance, Credit insurance, Financial loss insurance, professional indemnity insurance, Travel insurance, Terrorism insurance and other schemeproduct also provide by the general insurance companies in Nepal.

A single policy may cover risks in one or more of the above categories. An insurance policy sets out in detail which risk is covered and which is not covered in the particular policy.

2.1.21 Insurance Related Issues Insurable Risk (Essentials/Requirement of Insurance Contract)

Generally, only pure risk is insured. However, all pure risks may not be insured. Sometimes, heavy loss may cause due to a little carelessness. In this regard, to mature the insurance contract the following 6 requirements (insurable risk) are to be fulfilled (Dhungana, 2009 : 39).

Large Number of Exposure Units: To make the insurance contract, there should be large number of exposure with similar types of perils /risks. For example, the insurance of Night bus can be made as there is large number of night-bus in Nepal.

Accidental and Incidental Loss: One of the essential elements for insurance is that loss is to be caused by unexpected accident which is beyond the control. The regular (which can be forecasted accurately) types of loss are not the subject matter for insurance.

Determinable and Measurable Loss: To mature the insurance contract, the loss can be determined in the amount. The company cannot compensate financially if there is impossible to determine the loss. It should be determined in terms of time, place, and monetary value.

No Catastrophic Loss (tragic/ terrible or loss of all parts at a time)

One of the requirements for insurance is that all the parts (as well as all units) of subject matter should not be lost completely at a time. If all exposure units are destroyed at a time, the premium rate will be raised and it creates problem in insurance mechanism.

Calculable Chance of Loss: One of the essential requirements of insurance is that the chance of loss can be calculated on the basis of probability theory. The amount of premium can be calculated with frequency of occurrence of particular events with the length of time.

Economical Feasible Premiums: The premium of insurance should be economically feasible. The insured should be able to pay the premium. To attract the individuals, the insurance companies try to fix the premium rate as lower as possible. However, it is difficult to calculate the premium due to inaccurate estimation of probable accidents.

A. Insurable Interest

Insurable interest means economic interest of insured over the subject matter. That means, if over the subject matter (property) undergoes any damage, the insured has to bear the loss (economically). Insurable interest is pecuniary (financial) interest in the subject matter of insurance. This is also compulsory to legalize the insurance contract. To mature the insurance contract this requirement is to be fulfilled.

B. Settlement Option

The settlement options refer to the various ways to make payment to the insured. The policy owner may elect the settlement option prior to the insured's death. In addition, most policies permit the cash surrender value to be paid under the settlement options if the policy is surrendered. There are various option available for the policy owner to settle an insurance contract before the death of the insured (Dhungana, 2009 : 42). The most common settlement options are given below:

- **Interest option:** If the policy owner wants to settle the insurance contract, she/he can choose the interest option. Under this option, the insurer pays interest periodically. Most insurers guarantee a minimum interest rate. If

the policy is participating, a higher rate of interest is paid based on the excess interest earnings. The policy owner can be given the withdrawal rights, by which, the particular option can be change to another settlement option.

- **Fixed period option:** If the policy owner chooses the fixed-period option, the policy proceeds are paid to a beneficiary over some fixed period. Payment can be made monthly, quarterly, or annually. Both principle and interest are systematically liquidated under this option. If the primary beneficiary dies before receiving all payments, the remaining balance will be paid to a confinement beneficiary. The fixed-period option can be used in those situations where income is needed for a definite time period, such as during the readjustment and dependency period.

- **Fixed amount option:** The beneficiary is paid a fixed amount periodically until the principal and interest are exhausted. This option provides considerable flexibility. The beneficiary can give limited or unlimited withdrawal right & right to switch the unpaid proceeds to another option. The beneficiary may also be allowed to increase or decrease the fixed amount, by which the periodic payment can be increased at certain times, such as when grown children start college.

- **Life Income Option:** Life income option is one of the most important of life insurance policy. The value of life income can be increased by addition of cash surrender value of the policy. Some of the important options available under life income options are: (Dhungana, 2009 : 42).

- a. **Life Income:** Instalments are paid only while the beneficiary is alive under this option. The instalments payment is stopped on the death of beneficiary. If the beneficiary dies shortly after payments start there may be a substantial forfeiture of the proceeds.

- b. **Life Income with Certain Period:** The life policy under this option has more benefits than normal life income option. Under this, guarantee of life income is provided for certain period like 5 years, 10 years and such other period.

c. Life Income with Refund: This option has more benefits of life income plus the provision of refund. If the beneficiary dies before receiving payments equal to amount of insurance, the different is refunded to another beneficiary.

d. Joint-and-Survivor Income: Under this option, there must be two beneficiaries. The insurer makes income payment to two persons (e.g. husband & wife) during their lifetime. The life income is continued and not decreased even after the death of one of the beneficiaries. The life income is stopped only after the demise of both beneficiaries. (Dhungana 2009 : 42).

2.1.22 List of Non-life Insurance Company Working in Pokhara valley

Most of the Companies have similar insurance product. Besides that some companies are offering scheme policy. Where they include more risk with minimum premium. Fire, Motor, Misc, Engineering, Aviation, Marine are the main product and who offered scheme policy they based on these product and separate the risk coverage area. General insurance Company working in Pokhara listed below:

- Alliance Insurance Co.Ltd.
- Everest Insurance Co ltd.
- Himalayan General Insurance Co. Ltd.
- Lumbini General Insurance Co. Ltd.
- National Life and General Insurance Co.Ltd.
- NB Insurance Co.Ltd.
- Neco Insurance Co.Ltd.
- Nepal Insurance Co.Ltd.
- Oriental Insurance Co. Ltd.
- Preduntial Insurance Co.Ltd.
- Premier Insurance Co.Ltd.
- Rastriya Beema Samiti

- Sagarmatha Insurance co. Ltd.
- ShikharInsurnaceCo.Ltd.
- Siddhartha Insurance Co. Ltd.
- United Insurance Co.Ltd.

2.2 Review of Related Study

2.2.1 Research Review

The gist of reviewed studies is presented below.

Parajuli (1994) A research on "Motive Factors Behind a Buyer's Attitude Towards Bargaining During the shopping period at A Fancy Shop" was done by . The basic objective of this study was to evaluate the motive factors behind a buyer's attitude towards bargaining during the shopping period at a fancy shop. This study was based on primary data and the required data were collected from 50 respondent consumer of Pokhara valley with the help of structured questionnaire. The major findings of this study were:

-) Out of total number 94 percent and 95.28 respondents got in bargaining according to data through questionnaire and sellers self report respectively.
-) According to demographic characteristics middle age people have higher bargaining tendency than younger and old age people. Likewise, married and service-holder people have higher bargaining tendency than unmarried and other. (i.e. students, businessman, lecturers and others people respectively.)
-) Graduate respondents have higher bargaining tendency.
-) 70 percent of the respondents are found to feel bargaining is a problem.
-) In fancy shop buyers have higher bargaining tendency than in departmental store, provisional store and governmental stall.

) relationship between bargaining tendency and Maslow's need hierarchy model, it was concluded that the bargaining tendency is made entirely inverse relationship with hierarchy of human needs from lower to higher order.

Baniya (1994) "A study On Buyers Behavior in Pokhara with Special Reference to Cross Culture Buying Pattern" was carried out by. The major objective of this study was to find out cross-cultural buyers' behavior in pokhara. For this purpose, two distinct groups of customers: The British Gurkhas and The local people of pokhara have been included in the study. This study was based on primary data and all the required data were collected from 100 buyers, 50 from each group with help of a well structured questionnaire. Judgmental sampling method was applied. The major findings of this study were:

-) The British Gurkhas choose foreign, Indian, Chinese and Nepalese brand of clothing whereas Nepali, Indian, Chinese and foreign brands of clothing by the local people respectively.
-) Large number of purchase for clothing is made on half yearly basis except jacket by both people.
-) Store name awareness of the local people for the clothing is relatively high in comparison to the British Gurkhas but it is low for the grocery products.
-) Quality, Price, brand reputation, design and colour of the products are the criteria used for choosing clothing items but quality, price, brand reputation, producer's goodwill and services and reliability of store are the criteria used for choosing grocery products by British Gurkhas and Local people.
-) The majority of the buyers bargain while purchasing the clothing. But, the number of local people involved in bargaining is high in comparison to the British Gurkhas.

) Both groups have favourable attitude towards bargaining. But, the number of British Gurkhas having positive attitude towards bargaining are less in comparison to the local people.

Some none of the above studies entitled Consumers' Behavior on Non-life Insurance Product: A Study in Pokhara Valley has done before this so this research could be helpful to researcher, planner and for the further study in future.

Lamichhane Hari, (1998) concluded that advertising is considered as the primary source of information. The advertisement of Coke, Pepsi and branded cold drinks are found in Kathmandu. Coca-cola brand is more popular than other brand. Consumer gives more preference to the brand but less preference to quality and test. Television is the mostly favourite media for advertisement. The major reasons of brand switching are the taste of the product. Most of consumers are found brand loyal. If they don't get the desired brand, they use the alternative brand. So the marketers are suggested to give proper attention on their distribution system

Thapaliya Anup Kumar (1999) concluded that the use of soap has become a general consumption phenomenon in Kathmandu. There are various brands of soap available in the market and market of noodles has turned to be competitive in recent years. The company does not have effective and reliable channel to collect information from wholesalers, distributors and consumers.

Neupane (2001) have conducted a research entitled "Buying Behavior of Foreigners in Pokhara A study on Household Furniture". The main objective of this study was to understand the buying behavior of foreigners about household furniture where purchase pattern, consumer decide on the choice, related factors, perception and motives of bargaining with help of data collection from primary source who live in Pokhara valley. He took two types of foreigners Indian and other foreigners. The major findings of this study were:

-) The majority of Indian people purchase furniture item i.e. wooden sofa, table, chairs, steel table, steel cup boards, the foreigners are most purchase the furniture item i.e. cane-made, wooden cupboards where both Indian and foreigners purchase the wooden beds, computer table, wooden TV tables.
-) The friends and sellers or sales persons are also seemed to be taken as important consultants' source in the choice of store, colour and design of the furniture.
-) Quality, price, durability, style/design and durability factors are show highly positive relationship between Indian people and foreigners for the choice of particular furniture.
-) Both Indian and foreigners people seemed to have give first priority to the quality of the furniture and the last priority to the stores/manufacturers of the furniture.
-) Both Indian and foreigner perceived cheaper price of Nepalese furniture the furniture.
-) The view of the Indian and foreigner are same about furniture style, brands/ manufacturers, lower durability, perception of finishing negative.
-) Majority of the buyers bargains while purchasing the particular furniture. But the number of Indian people involved in bargaining is high in comparison to foreigners.
-) The large number of Indian people and the majority of foreigners were not involved in bargaining because of their belier on sellers' expressed.

Baral (2002) PDDP distributes milk and milk products in Pokhara area. The quality of milk is affected in different seasons. In flush seasons, when PDDP has less milk collection, then quality of milk is not found satisfactory. In peak seasons milk becomes excess and PDDP stops collecting milk from farmer for a few days that is called milk holiday. In false seasons the required amount of

milk falls short. Though it is the largest dairy product company, still other private dairy companies are creating tough competitions to PDDP.

Sharma (2002) results of this study showed that though advertisements were able to generate Rudimentary Response (tentative belief and recall) they are not doing so well in terms of emotionally associating (Emotional Response) themselves with consumers. To have favorable market share (Active Response) brands extensively resorted to special promotion campaigns (Noodles) or to magnify out of promotion miniscule brand differences (Toothpaste and Washing soaps). In other words, advertisements are limited merely to the task of disseminating information.

Adhikari L. (2002) had carried out a very important research "Effect of Sales Promotion on Brand Choice" the focus of motorbike. The main objective of the study were to find out the brand distribution of the motorbike among consumers, major criteria used by the buyers while buying the particular types of motorbike, types of the sales promotional tool used for marketing of motorbike in Pokhara, to assess the relative important attached to the various factors like technology competence ,price fuel efficiency etc . to find out the more influencing factors in the future buying of motorbike. for this study two hundred sample were taken one hundred from business filed and hundred from job holder filed .the major finding of the study were:

-) There are 26 dealer of motorbike in Pokhara dealing with 40 barands.
-) The largest buyer group is 26-45 years of age having intermediate and graduate level educational background .
-) most of the buyer have earning less then Rs.20,000 per month and 98 percent of them are male and 2 percent of female .
-) The Indian brand hold 72 of the market while Chinese hold only 13 percent of the market .
-) Business buyers were more attracted by aesthetic looks of brand whereas job holders preferred fuel efficient and low priced bikes.

-) Buyers gave more preference to the attributes of brands than the sales promotional schemes in the future buying but they wanted to enjoy the schemes.
-) Sales promotion plays important role in low priced motorbike than in high motorbikes like Daelim, Suzuki GN etc.

Tiwari (2003) have conducted a research entitled "A Study on Personal Computers Buyer Behavior" .The main objectives of this study was to understand the buyer behavior of computer user where including level of buyers awareness about personal computer, brand preference of the buyers, purpose of buying, level of expenditure. The major findings of this study were:

-) Higher the income more the buyers.
-) Educated people are the prominent buyers of personal computer.
-) Assembled computer is the most favored brand.
-) Most of the people are willing to spend more than Rs.35,000 in personal computers.
-) The main purpose of buying computer is for personal and family use.
-) The major factor affecting buying decision is quality of personal computer.
-) The basic motivating factor is the buyers are motivated from selling computer is use condition.
-) Personal computer is higher involvement product.
-) Involvement in purchasing process of personal computer is dependent.
-) Stores reputation is very significant to buyers of personal computers.

Ghimire (2004) have conducted a research entitled "A study on products offerings of Financial Institutions in Pokhara". The objective of the study was to understand the various products offered by the Banks, Finance Companies, Co-operative and Insurance Companies in pokhara, access the views of the customers about the product offering, make comparative study of the products and interest rates offered by them. The major findings of the study were:

-) Commercial Banks are offering current deposit, call deposit, saving deposit, fixed/term deposit and special deposits.
-) Commercial Banks provide loans on broad areas of the industry, trading, consumer items and other activities Term Loan, working Capital loan, priority sector/deprived sector loan, Home loan, Hire Purchase loan, Educational loan, agriculture loan, foreign employment, loan against fixed deposit, first class bank guarantee loan etc. are the loan provided by them.
-) The interest rates are different in both loan and deposit of different commercial banks. Various other banking products and services are provided apart from regular deposit and investment work by commercial banks like ATM, ABBS, VISA Fund Transfer, Letter of credit, issuance of draft, foreign currency exchange etc.
-) Finance companies are providing different deposit schemes offering slightly higher interest rates to the deposit along with recurring deposit. Likewise they are offering loan and advance to the client in different sectors of the economy. Draft, Fax Transfer, Foreign Exchange etc are the other products provided by finance companies.
-) Co-operatives are also collecting deposit offering different deposit accounts to its member like saving, fixed and recurring. Loan is being disbursed to its members only.
-) Life and General insurance schemes are offered by different insurance companies to cover the un-predictable risk associated with personal and equipments.
-) Views of the respondents about the different financial institutions their products and the service offered is being analyzed and presented well.

Pokheral (2007) have conducted a research entitled "A Survey on status of the insured of life insurance in Pokhara sub-metropolitan city. The objective of the study was average annual income of insured, economic condition of insured's family like occupation, housing facilities, academic qualification of the insured

and the relationship between the educational status and economic conditions of the insured. He conducted survey on Pokhara valley to find out his objectives and major findings of the study were:

-) Majority of the respondents (96.58%) spends all money for the family and only 3.42 percent of respondents keep their saving in the bank.
-) Majority (61.41%) of the respondents have annual family income of Rs.1,00,000 to 3,00,000. Likewise, 15.75 percent of the respondents have less than Rs. 1,00,000 and 22.60 percent of the respondents have more than Rs. 3,00,000 annual family income.
-) The main occupation of the respondents are services which covers the 55.48 percent the form of skilled manpower, 28.08 percent respondents have business, 7.53 percent are engage in agriculture, 6.58 percent of respondents' occupation are from others.
-) Males are the head of the family in the study area. Where the study area is male dominant area.
-) Most of respondents are using public motor and then motorbike. Motorbike users are the dominant customer of life insurance business.
-) Most of respondents are migrate from rural area to urban area. All the respondents want to migrate from rural to urban in search of infrastructure facilities.
-) The housing facilities of the respondents are well in average.
-) Existing problems of the respondents are lack of infrastructure facilities, earning opportunities, proper education and material for agriculture, government policy, political disputes and instability, and salaries scale.
-) There is no discrimination with respect to the gender, caste, economy, occupation and so on among the insured of the study area and having the same most of the socio-economic-cultural practices, they have good and friendly relations with the other religious groups of the study area.
-) Most of the respondents are migrated from different places of the country to study area.

-) Most of male have done life insurance.
-) Most of married people have done life insurance.
-) Majority of the respondents, 78.77 percent are living in joint family and 21.23 percent respondents are living in nuclear family.
-) Majority (82.88%) families have 4-8 family size, second majority (8.90%) families have 9 and above family size and 8.90 percent families have 1-3 members in a family.
-) None of respondent are illiterate. Only educated person are the dominant customer of life insurance business.

Batajoo (2010) have conducted a research entitled "Consumer Behavior towards Buying cars in Kathmandu Valley". The objective of the study was to understand the consumer behaviour towards buying cars in Kathmandu valley, where to examine the market segmentation, to analyze factors & features influencing buying decisions, to study buying process & to find out brand awareness, customer satisfaction levels, effectiveness of promotional effects with the help of primary data and access the views of the customers about the buying behaviour . The major findings of the study were:

-) Car buying decision influenced by friends & family, source of fund and different types of media.
-) Cars buyers give more emphasis on feature of car whereas performance, Exterior, appearance and fuel efficiency.
-) Television, Newspaper, previous users experience and radio/F.M. are main motivational factors for buyer.
-) Markets are segment according to the profession, age, education level and source of fund of buyers.
-) The major buyers are businessman & professionals, age above 35 years, educated and buying process takes place with bank and finance companies.

-) On the buying process major buyers are come in showroom and spend time 15 minute to one hour, buyers are inquire about spare parts availability and than after sales service and buyers are test drive.
-) The most of the customers are aware about aware financial technical aspects of the car.
-) Majority of buyers are from family having monthly household income more than Rs.25,000.
-) The majority of car owner's who first time car owners are.
-) Most of the buying process takes place with bank and finance companies financing.
-) Car buyers are use for personal and family member's use.
-) The car owners' in Kathmandu valley seems to be satisfied from their car.
-) Most of the buyers are use the Hyundai, Opel, Ford and Marutisuzuki brand.
-) Majority of cars owners go at dealers' or authorized workshop for servicing of cars. Most of them are conscious of servicing requirement.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter describes the research procedure. The research procedure includes overall research design, the sampling procedure (describing sample and population) and the data collection method (i.e. how and by what means and from where data were collected). It also presents data analysis tools and procedure.

Research methodology composed of two words: "Research" and "Methodology: Research methodology is the way to solve systematically about the research problem. For this purpose the research is descriptive in order to accomplish the objective of this study.

3.1 Research Design

Considering the objective of the study descriptive and analytical research design is used to show and state the buyers behaviour on non-life Insurance Product. Table presentations are made in the required parts. Randomly selected samplings are adopted in the sampling process. The customers' information has been obtained from structure questionnaire.

3.2 Population and Sample

All the fifteen non-life company and insurance product buyer (insured) are the population of the study. For the direct method, the sample respondents (insured) have been randomly selected trying to include all the possible range. Sample size for survey is taken of 100 buyer (insured) and five insurance companies ramdaly.

People of diverse occupation are found in Pokhara for the purpose of incorporating diversified insured to make this study. Therefore, Pokhara valley has been selected for the study on the other hand non-life insurance business and consumer of their products are in huge numbers. Therefore, the sampling from this pool of insured would provide a reasonable basis to explain the varying behaviour of consumers and would be a representative study to explain the behaviour of consumers towards general insurance product.

3.3 Nature and Source of Data

Basically the data used in this study are primary as well as secondary data. The final sources of the primary data are collected through questionnaire and direct interview with the consumer (insured) and the employees of the insurance company.

3.4 Data Collection Procedure

The data, sources used on this research are both primary and secondary. Basically the data collected from the different non-life Company was secondary and the attitude regarding the insurance product or service derived from the respondents are primary data. Questionnaire is used for the collection of primary data.

3.5 Data Analysis Tools

As the research is based on descriptive research design, tabular, graphical tools presentation has been used. Tables are constructed on the basis of the data collected from the customers and insurance companies. Regarding data analysis sample presentation and analysis technique are applied. Presentation has been made in the form of table and rank order as well as percentage analysis has been used for analysis of data. The collected data are analyzed with the help of bio-diagram and pie-chart.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

The overall background, basic objectives and significance of the study has been already mentioned in the first chapter. In second chapter various related books journals and other publications as well as unpublished master level dissertations have been reviewed. In third chapter, research design has been presented. In this chapter effort has been made to present and analyze Insurance companies' opinion, and Customers' (Insured) Opinion. The major findings from the study have been summarized at the end of this chapter.

4.1 Data Presentation and Analysis

The survey was conducted in Pokhara valley by taking five sample of Non-Life Insurance Company. Information is collected by using questionnaire, direct interview and conversations. And found the following results from the survey.

4.1.1 Major Buyers of Insurance Product on the Basis of Rank

The sample were drawn from the Businessman, Professional, industrialist, Service holder, bankers, other customer were also approached for the purpose of the study result. They are as follows:

Table : 4.1

Major Buyers of Insurance Product on the Basis of Rank

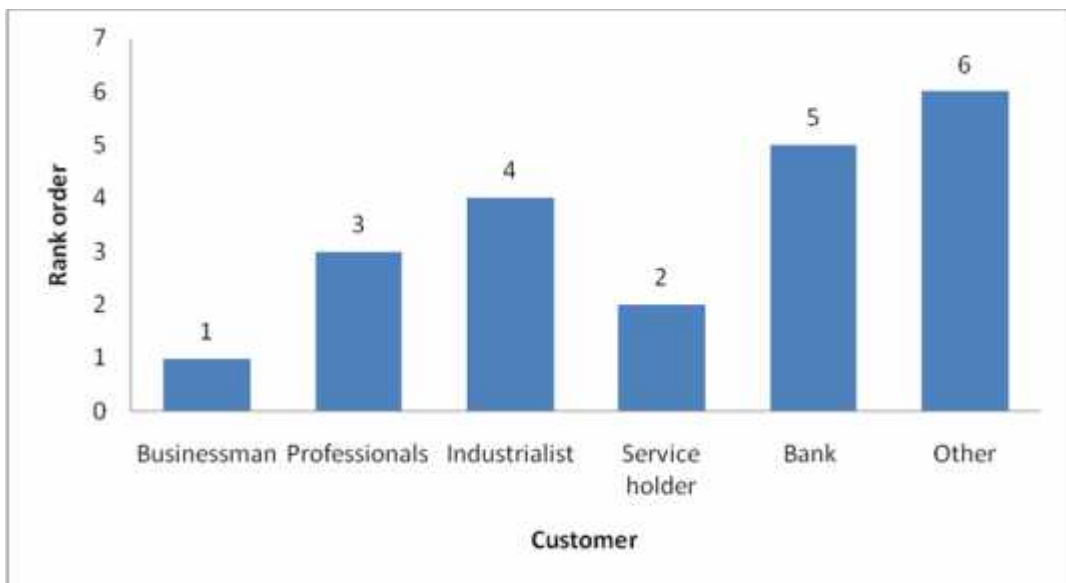
Rank Customer	1	2	3	4	5	6	TR	Rank order
Businessman	5	0	0	0	0	0	5	1
Professionals	0	0	5	0	0	0	15	3
Industrialist	0	0	0	5		0	20	4
Service holder	0	5	0	0		0	10	2
Bank	0		0		5	0	25	5
Other	0	0	0	0	0	5	30	6
Total	5	5	5	5	5	5		

Source: Field Survey, 2013.

From the survey result, we found that Business deserves first rank, Secondly service holder and then in third rank professionals, fourth is industrialist, fifth rank of Bank or Financial institution and lastly other customer. In comparison to other, Businessman or business sector is major customer.

Figure : 4.1

Major Buyers of Insurance Product on the Basis of Rank



From the survey result, we found that Business deserves first rank, Secondly service holder and then in third rank professionals, fourth is industrialist, fifth rank of Bank or Financial institution and lastly other customer. In comparison to other, Businessman or business sector is major customer.

4.1.2 Academic Qualification of Customer

Education refers to the process of learning and acquiring information. Education can be divided into two main types: formal learning through an institution such as a school and self-taught learning or what is often termed life experience. Generally, education is important for learning basic life skills, as

well as learning advanced skills that can make a person more attractive in the job market. It also impact in consuming patron and use style of the product.

Table : 4.2

Academic Qualification of Customer on the Basis of Rank

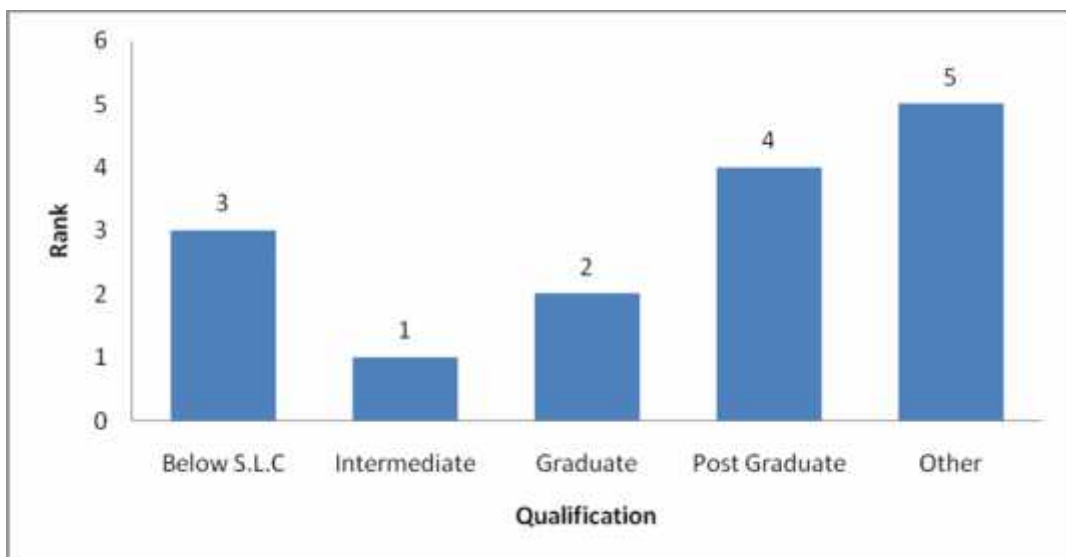
Qualification	Rank
Below S.L.C	3
Intermediate	1
Graduate	2
Post Graduate	4
Other	5

Source: Field Survey, 2013.

From the survey in terms of customers academic qualification, we found that first rank is intermediate, second is graduate, third rank is below S.L.C, fourth is post graduate and last rank is other. It shows that most customer have intermediate academic qualification.

Figure : 4.2

Academic Qualification of Customer On the Basis of Rank



From the survey in terms of customers academic qualification, we found that first rank is intermediate, second is graduate, third rank is below S.L.C, fourth is post graduate and last rank is other. It shows that most customer have intermediate academic qualification.

4.1.3 Products of the Insurance Company

Among the sample of five companies located in Pokhara valley, all the company offered similar product to the customer. The main products are Fire, Motor, Misc., Marine, Engineering, Aviation. All the company has similar product because of the Beema Samiti also categorizes to all the Nepalese insurance company should have six compulsory products. Besides that if the companies want to offer different scheme Policy, for the customers can provide scheme product on the basis of compulsory products.

Table : 4.3
Products of the Insurance Company

Product Name	No. of company	Results
Fire	5	
Motor	5	
Marine	5	
Engineering	5	
Aviation	5	
Miscellaneous	5	

Source: Field Survey, 2013.

The main products are Fire, Motor, Misc., Marine, Engineering, Aviation. All the company has similar product because of the Beema Samiti also categorizes to all the Nepalese insurance company should have six compulsory products. Besides that if the companies want to offer different scheme Policy, for the customers can provide scheme product on the basis of compulsory products.

4.1.4 Scheme Products (Policy) offered by Different Insurance Company

The samples were drawn from the scheme police where approached for the purpose of the study results from the survey are present below:

Table : 4.4

Scheme Products (Policy) offered by Different Insurance Company

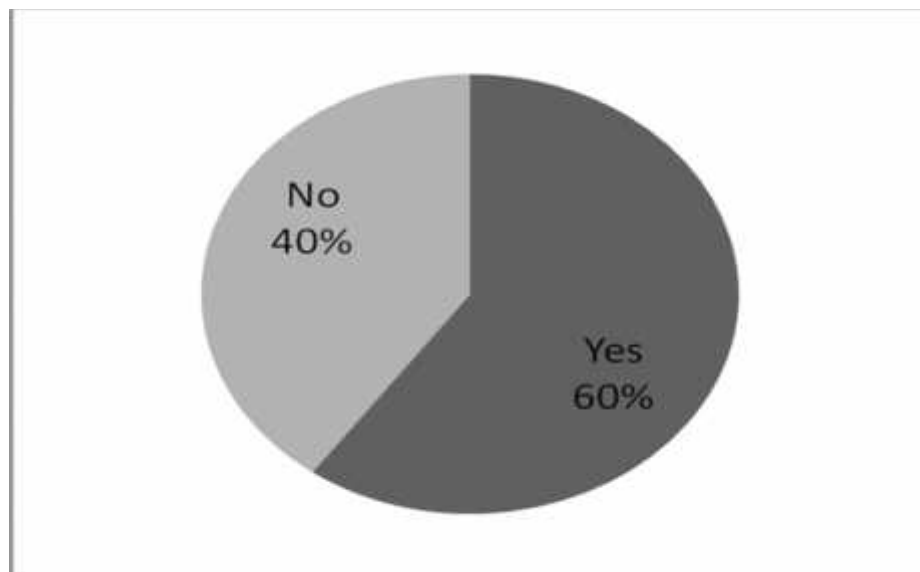
Response	No. of company	Percentage
Yes	3	60%
No	2	40%
Total	5	100%

Source: Field Survey, 2013.

The sample size of five insurance companies, 60 percent or three company offered scheme policy to customer and 40 percent or two companies are not lunched any scheme policy.

Figure : 4.3

Scheme Products (Policy) offered by Different Insurance Company



The sample size of five insurance companies, 60 percent or three company offered scheme policy to customer and 40 percent or two companies are not

lunched any scheme policy. In scheme Policy the risk coverage area is unlimited. If stock insurance is done, customer will be benefited with staff accidental insurance, burglary and many more. In separate policy, it cover mention risk only for e.g. basic fire risk is cover that only compensation of loss by fire. Therefore scheme Policy is not popular in Pokhara valley, only some companies are offered scheme Policy and they can need to publicize and advertise for this types of policy.

4.1.5 Companies are Planning or not New Scheme Policy (Product)

The sample were drawn from companies. Companies are planning on not new schemes policy from the survey result are present below.

Table : 4.5

Companies are Planning or not New Scheme Policy (Product)

Response	No. of company	Percentage
Yes	0	0%
No	5	100%
Total	5	100%

Source: Field Survey, 2013.

From survey results no companies are planning to take information from their head office. Head office does the scheme policy planning but have companies are operating Pokhara are their branches they have no right to issue this policy. But they advice to lunched scheme policy to their policy maker.

4.1.6 Most Saleable Product (Policy) in the Market

The survey result found by taking opinion of insurance companies about the most saleable product in the market. The survey is presented below.

Table : 4.6

Most Saleable Policy (Product) in the Market on the Basis of Rank

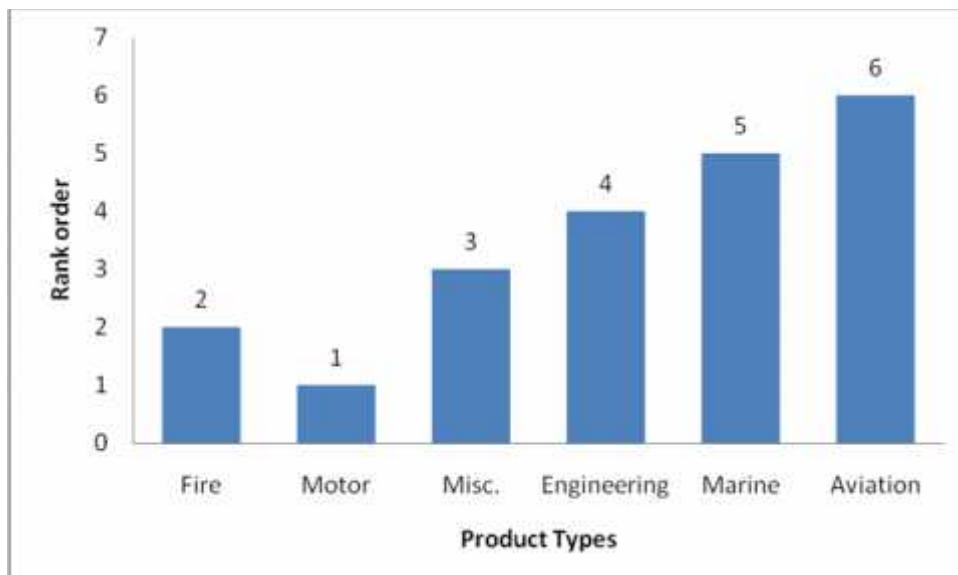
Rank \ Product Types	1	2	3	4	5	6	Total	Rank order
Fire	0	5	0	0	0	0	5	2
Motor	5	0	0	0	0	0	5	1
Misc.	0	0	5	0	0	0	5	3
Engineering	0	0	0	5	0	0	5	4
Marine	0	0	0	0	5	0	5	5
Aviation	0	0	0	0	0	5	5	6
Total	5	5	5	5	5	5		

Source: Field Survey, 2013.

All the companies have similar product among them which one is most saleable in the market; for this query they separate different rank to the product according to the sale. First rank is Motor Policy, second is Fire Policy, third is Misc. Policy, fourth is Engineering Policy, fifth is Marine Policy and at last is Aviation Policy.

Figure: 4.4

Most saleable Policy (Product) in the Market on the Basis of Rank



The survey result found by taking opinion of insurance companies about the most saleable product in the market. All the companies have similar product among them which one is most saleable in the market; for this query they separate different rank to the product according to the sale. First rank is Motor Policy, second is Fire Policy, third is Misc. Policy, fourth is Engineering Policy, fifth is Marine Policy and at last is Aviation Policy. From this observation, in terms of sale Motor insurance is major in Pokhara valley, second is Fire insurance, Misc. insurance is also important product which position in 3rd. Fourth is Marine insurance and last aviation insurance, which does not exist in Pokhara valley.

4.1.7 Influence of the Buying Decision for the Customers

According to survey conducted among five companies. How customer influence of buying decision and the opinion of variables given by companies' rank basis. The surveys are presented below.

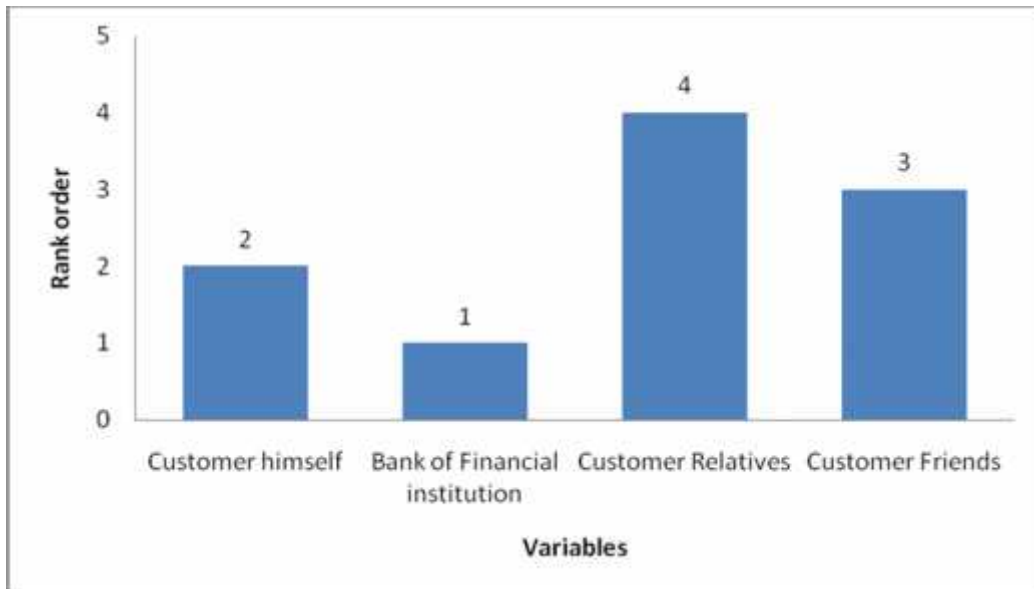
Table : 4.7
Influence of the Buying Decision for the Customers

Rank Variables	1	2	3	4	Total	Rank order
Customer himself	0	5	0	0	5	2
Bank of Financial institution	5	0	0	0	5	1
Customer Relatives	0	0	0	5	5	4
Customer Friends	0	0	5	0	5	3
Total	5	5	5	5		

Source: Field Survey, 2013.

Most customer referred by the Bank or Financial institutions is of first rank, second is customers self decision, in third they influence by their friends and lastly by their relatives for buying decision.

Figure : 4.5
Influence of the Buying Decision for the Customers



According to survey conducted among five companies. How customer influence of buying decision and the opinion of variables given by companies' rank basis. Most customer referred by the Bank or Financial institutions is of first rank, second is customers self decision, in third they influence by their friends and lastly by their relatives for buying decision. Therefore Bank or Financial institutions influence much to insure their property because there is a provision to take loan by using insurable collateral. Customer awareness is second influencing factor for buying decision.

4.1.8 Types of Customer Face by the Insurance Company

The types of customers faced by the insurance company in according to the survey is presented hereunder.

Table : 4.8

Types of Customer face by the Insurance Company

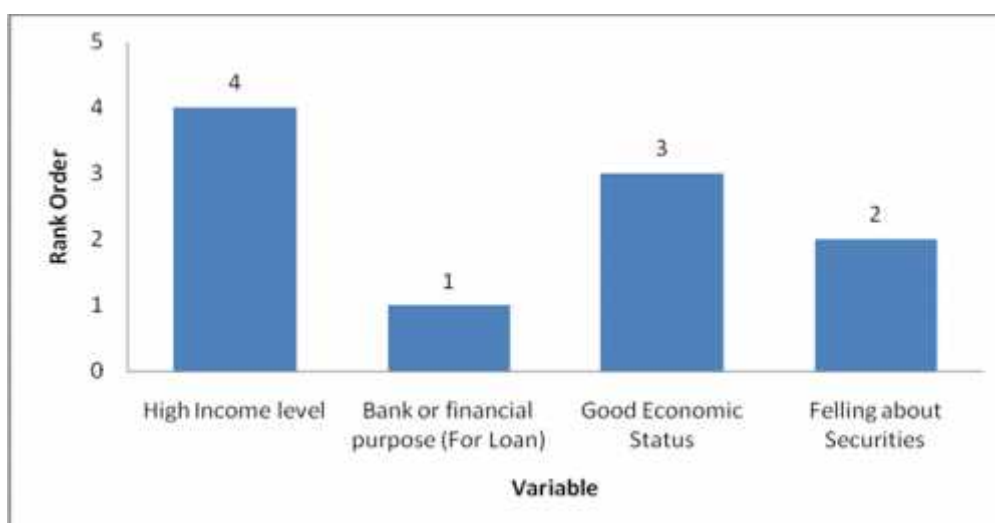
Rank Variables	1	2	3	4	Total	Rank order
High Income level	0	0	0	5	5	4
Bank or financial purpose (For Loan)	5	0	0	0	5	1
Good Economic Status	0	0	5	0	5	3
Felling about Securities	0	5	0	0	5	2
Total	5	5	5	5		

Source: Field Survey, 2013.

They give the first rank to banking provision, second is self conscious customer about security, third rank is given to those who have well economic status and fourth to those high income level.

Figure : 4.6

Types of Customer face by the Insurance Company



On the opinion of insurance companies, which types of customer have been facing, companies classify the customer rank wise. They give the first rank to banking provision, second is self conscious customer about security, third rank is given to those who have well economic status and fourth to those high income level. Therefore companies face more customers who use loan by Bank or financial institutions because of the compulsory provision of insurance. And in second customer consciousness about security and risk for their property secure.

4.1.9 Ways to Expand Insurance Business in the Market

The effective ways to expand the insurance business in the market according to the survey is given below.

Table : 4.9
Ways to Expand Insurance Business in the Market

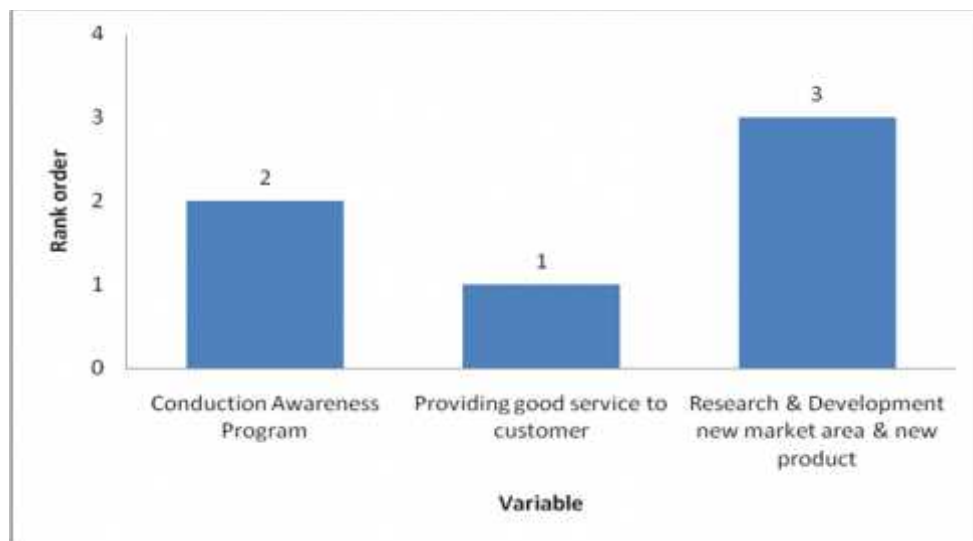
Rank Variables	1	2	3	Total	Rank order
Conduct Awareness Program	0	5	0	5	2
Provide good service to customer	5	0	0	5	1
Research & Development new market area & new product	0	0	5	5	3
Total	5	5	5		

Source: Field Survey, 2013.

Companies give first rank for providing good service to the customer, in second companies have to conduct insurance awareness program and in third it is necessary to develop new market area and new product.

Figure : 4.7

Ways to Expand Insurance Business in the Market



The researcher took opinion about how to expand or increase insurance business in market. Insurance companies provide their view on the basis of given options with rank wise. Companies give first rank for providing good service to the customer, in second companies have to conduct insurance awareness program and in third it is necessary to develop new market area and new product. So, we concluded that insurance companies need to provide good service to the customer and also conduct awareness program about importance of insurance to promote insurance market. Besides these there are other ways to expand the market and develop new product. This will make customer and companies more beneficial.

4.1.10 Customers' Opinion

The first part of the questionnaire was based on respondents' profile to obtain information relating to the types of customer, their income level, education and profession, purchase types of product, purpose and many more. The data is collected from Pokhara valley on the basis of structured questionnaire. Respondents are selected on the basis of stratified sampling method. The respondents profile participated in this research are presented below.

4. 1.10.1 Types of Customer

The samples were drawn from individual, trader, industrialist and other. Customers were approached for the purpose of the study. Results from the survey are presented below.

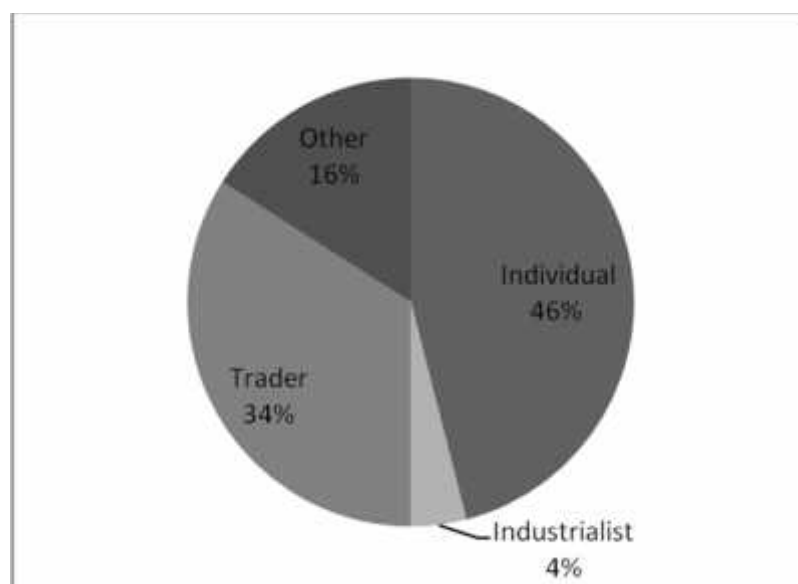
Table : 4.10
Types of Customer

Types of Consumer	No. of Customer	Percentage
Individual	46	46%
Industrialist	4	4%
Trader	34	34%
Other	16	16%
Total	100	100%

Source: Field Survey, 2013.

On the survey results out of 100, 46 percent are individual, 34 percent are trader, industrialist is 4 percent and other types of customer like Construction Company, Bank are only 16 percent.

Figure : 4.8
Types of Customer



The above figure there are different types of customer. The largest group of respondents falls into the categories of individual customer. On the survey results out of 100, 46 percent are individual, 34 percent are trader, industrialist is 4 percent and other types of customer like Construction Company, Bank are only 16 percent. This indicates that the most motivated group of buyers is individual who insure their own vehicle, house, P.A. etc. After them traders are more active, they fall into insurance to insure their trader stock or business stock goods.

4.1.10.2 Age group of Individual Customers

The age groups of individual customer resulted from the survey is presented hereunder.

Table : 4.11
Age Group of Individual Customer

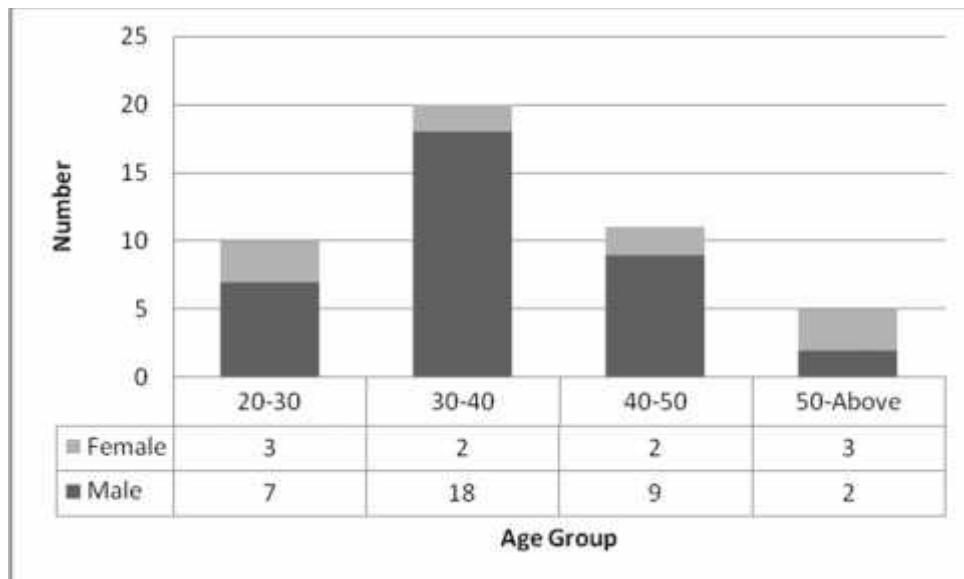
Age	Male		Female		Total	
	no.	%	no.	%	no.	%
20-30	7	19.44	3	30	10	21.73
30-40	18	50	2	20	20	43.47
40-50	9	25	2	20	11	24
50-Above	2	5.56	3	30	5	10.8
Total	36	100	10	100	46	100

Source: Field Survey, 2013.

The above table 4.11 shows different age group of respondents which is self apparent i.e. 20-30, 30-40, 40-50 and above 50 years. Out of 46 individual respondents, 21.73 percent of the respondents fall in to the age group of 20-30 years, 43.47 percent fall in the age group 30-40 years, 24 percent fall in the age group 40-50 years and rest 10.8 percent are of more than 50 years. Further it can be concluded that the 30-40 years is the most active buying age group as large number of the respondents.

Figure : 4.9

Age Group of Individual Customer



From the survey result, out of 100, 46 respondents are individual customers. Where 36 are male and only 10 are female. Figure 4.9 shows different age group of respondents which is self apparent i.e. 20-30, 30-40, 40-50 and above 50 years. Out of 46 individual respondents, 21.73 percent of the respondents fall in to the age group of 20-30 years, 43.47 percent fall in the age group 30-40 years, 24 percent fall in the age group 40-50 years and rest 10.8 percent are of more than 50 years. Further it can be concluded that the 30-40 years is the most active buying age group as large number of the respondents.

4.1.10.3 Academic Qualification of Individual Customers

The information of academic qualification of the individual customer in according to the field survey is given below in the table.

Table : 4.12

Academic Qualification of Individual Customers

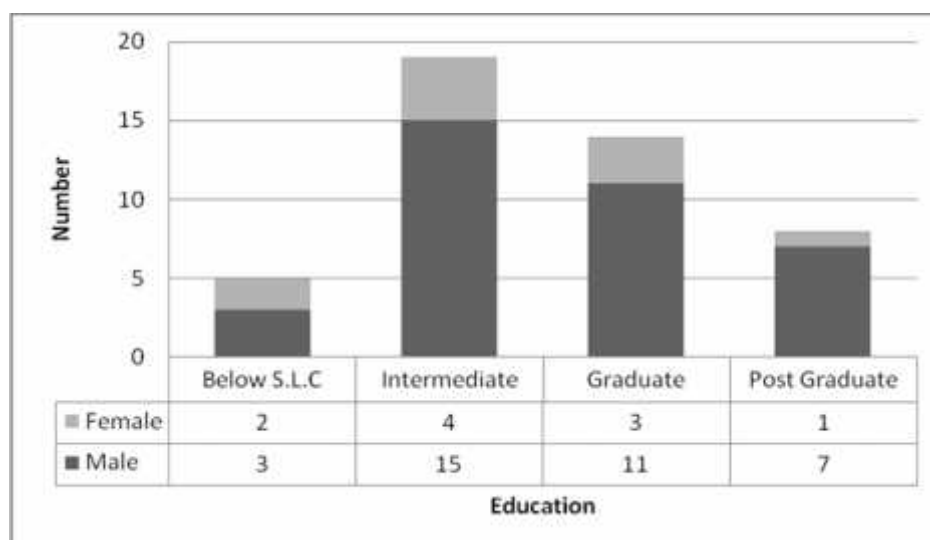
Education	Male		Female		Total	
	no.	%	no.	%	no.	%
Below S.L.C	3	8.33	2	20	5	10.87
Intermediate	15	41.67	4	40	19	41.30
Graduate	11	30.56	3	30	14	30.43
Post Graduate	7	19.44	1	10	8	17.4
Total	36	100	10	100	46	100

Source: Field Survey, 2013.

According to the survey results, table 4.12 reflects the educational background of individual respondents. Among 46, 41.30 percent respondents are intermediate, 30.43 percent are graduate, 17.4 percent are post graduate, whereas only 10.87percent is below S.L.C. So, we observed that most of the respondents have intermediate level of education are more active for buying insurance product than other education level.

Figure : 4.10

Academic Qualification of Individual Customers



According to the survey results, table 4.12 and figure 4.10 reflects the educational background of individual respondents. Among 46, 41.30 percent respondents are intermediate, 30.43 percent are graduate, 17.4 percent are post graduate, whereas only 10.87percent is below S.L.C. So, we observed that most of the respondents have intermediate level of education are more active for buying insurance product than other education level.

4.1.10.4 Profession of Individual Customers

The types of professions of the individual customers resulted from the survey is presented below.

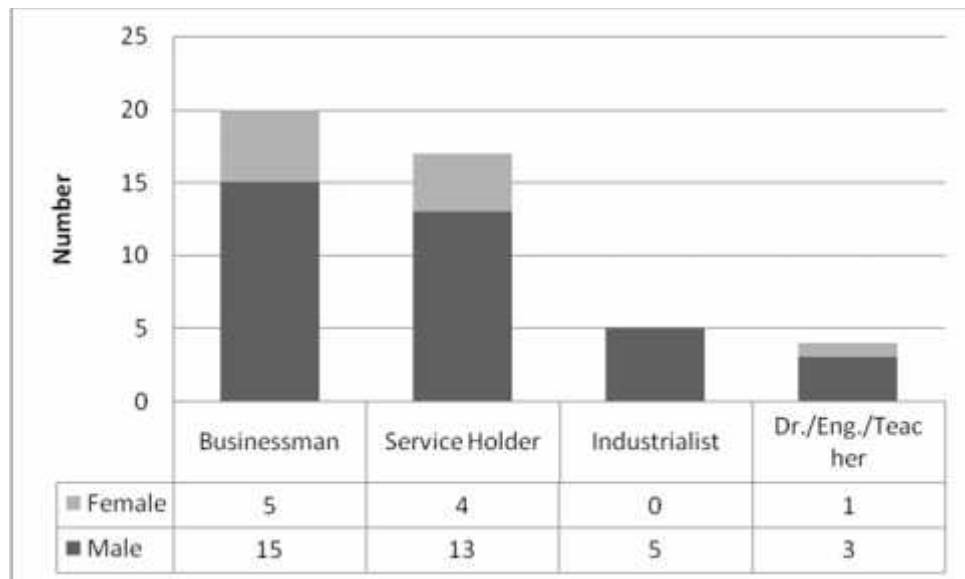
Table : 4.13
Profession of Individual Customers

Profession	Male		Female		Total	
	no.	%	no.	%	no.	%
Businessman	15	41.67	5	50	20	43.48
Service Holder	13	36.11	4	40	17	36.96
Industrialist	5	13.89	0	0	5	10.86
Dr./Eng./Teacher	3	8.33	1	10	4	8.7
Total	36	100	10	100	46	100

Source: Field Survey, 2013.

From the above table 4.13 out of 100, 46 individual buyers have their different profession and 43.48 percent respondents are the businessman, 36.96 percent respondents are service holder, 10.86 percent respondents are industrialist and 8.7 percent respondents are Dr./Engineer/ Teacher. From the observation most of the insured are businessman than other profession.

Figure : 4.11
Profession of Individual Customers



From the above table 4.13 and figure 4.11 out of 100, 46 individual buyers have their different profession and 43.48 percent respondents are the businessman, 36.96 percent respondents are service holder, 10.86 percent respondents are industrialist and 8.7 percent respondents are Dr./Engineer/Teacher. From the observation most of the insured are businessman than other profession.

4.1.10.5 Annual Income Level of Customers

From the survey, the annual income level of the customer has been identified and is presented hereunder.

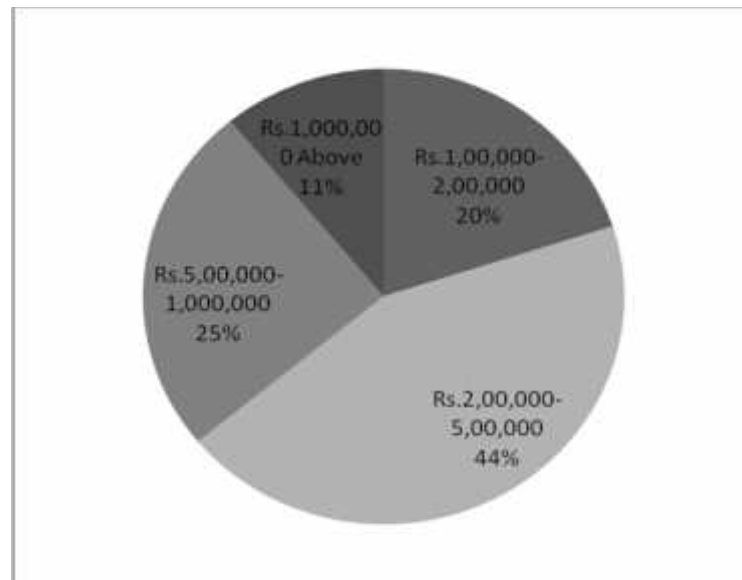
Table : 4.14
Annual Income Level of Customers

Income Level	No. of Customer	Percentage
Rs.1,00,000-2,00,000	20	20%
Rs.2,00,000-5,00,000	44	44%
Rs.5,00,000-1,000,000	25	25%
Rs.1,000,000 Above	11	11%
Total	100	100

Source: Field Survey, 2013.

Out of 100 respondents, largest group of respondents fall into the earnings categories of Rs.2,00,000 to Rs.5,00,000 which is 44 percent of the total followed by those earnings, 25 percent of the respondents have annual income Rs.5,00,000 to 1,000,000,. 20 percent of respondents have annual income Rs. 1,00,000 to 2,00,000 and only 11 percent respondents have more than Rs.1,000,000. So, we concluded Rs. 2,00,000 to Rs. 5,00,000 income group are more active than other income level.

Figure : 4.12
Annual Income Level of Customers



The above table and figure depicts annual income level of respondents. out of 100 respondents, largest group of respondents fall into the earnings categories of Rs.2,00,000 to Rs.5,00,000 which is 44 percent of the total followed by those earnings, 25 percent of the respondents have annual income Rs.5,00,000 to 1,000,000,. 20 percent of respondents have annual income Rs. 1,00,000 to 2,00,000 and only 11 percent respondents have more than Rs.1,000,000. So, we concluded Rs. 2,00,000 to Rs. 5,00,000 income group are more active than other income level.

4.1.11 Use of Innumerable Property as Collateral to Take Loan

When the customer took loan by using insurable property, they have to be insured by provision of Nepal Rastra Bank and that gives Bank or financial institution's investment security.

Table : 4.15

Use of Innumerable Property as Collateral to Take Loan

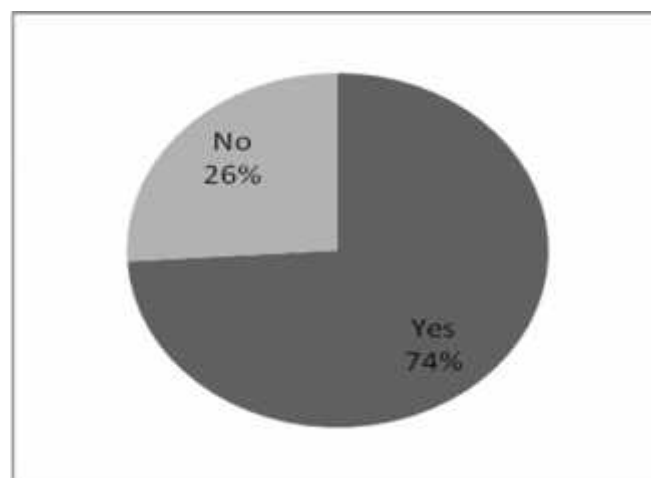
Response	No. of Customer	Percentage
Yes	74	74%
No	26	26%
Total	100	100

Source: Field Survey, 2013.

Above table 4.15 out of 100 samples, 74 percent respondents are using loan by using insurable collateral and only 26 percent respondents do not take loan by using of insurable collateral. Hence, the largest groups of respondents fall in to insurable collateral group due to the provision of Nepal Rastra Bank. They did not by consciousness but by force.

Figure : 4.13

Use of Innumerable Property as a Collateral to Take Loan



From above figure out of 100 samples, 74 percent respondents are using loan by using insurable collateral and only 26 percent respondents do not take loan by using of insurable collateral. Hence, the largest groups of respondents fall in to insurable collateral group due to the provision of Nepal Rastra Bank. They did not by consciousness but by force.

4.1.12 Use of Insurance Policy Purchased by Customers

The types of insurance policy purchased by the customers are learnt from the survey and is presented below.

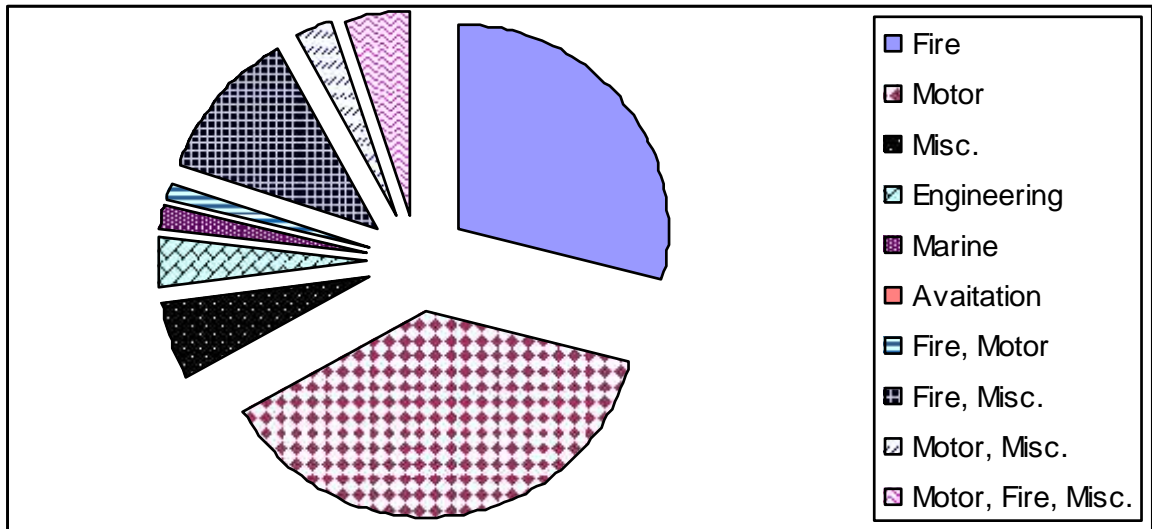
Table : 4.16
Types of Insurance Policy Purchased by Customers

Types	No. of Customer	Percentage
Fire	29	29%
Motor	38	38%
Misc.	6	6%
Engineering	4	4%
Marine	2	2%
Aviation	0	0
Fire, Motor	1	1%
Fire, Misc.	12	12%
Motor, Misc.	3	3%
Motor, Fire, Misc.	5	5%
Total	100	100

Source: Field Survey, 2013.

Figure : 4.14

Types of Insurance Policy Purchased by Customers



From the above table 4.16 and figure 4.14, we observed that different types of insurance policy and respondents purchased. Normally insurance product are Fire, Motor, Misc., Aviation, Marine and Engineering. Respondents bought separate policy and also purchased more than one policy according to their needs. 38 percent respondents buy the Motor Policy, 29 percent are buy Fire Policy, 6 percent respondents are buy Misc. Policy, 4 percent respondents are buy Engineering Policy, 2 percent respondents are buy Marine Policy and Avaitation Policy is 0 percent percentage. 12 percent respondents buy Fire & Misc. Policy, 1 percent respondents buy Fire & Motor Policy, 3 percent respondents buy Motor and Misc. Policy, 5 percent respondents buy Motor, Fire, Misc. Policy. The majority of Motor Policy buyer is more than other insurance Policy and second is Fire insurance. But Avaitation Policy does not exist in Pokhara because here are not central Airline companies.

4.1.13 Insurance Policy Purchased (Insured) by Customer

Respondents have bought insurance policy according to their need. Separate Policy only covers some specific risk but scheme Policy cover more risk on

minimum premium. Given table shows the respondents of separate policy and scheme Policy.

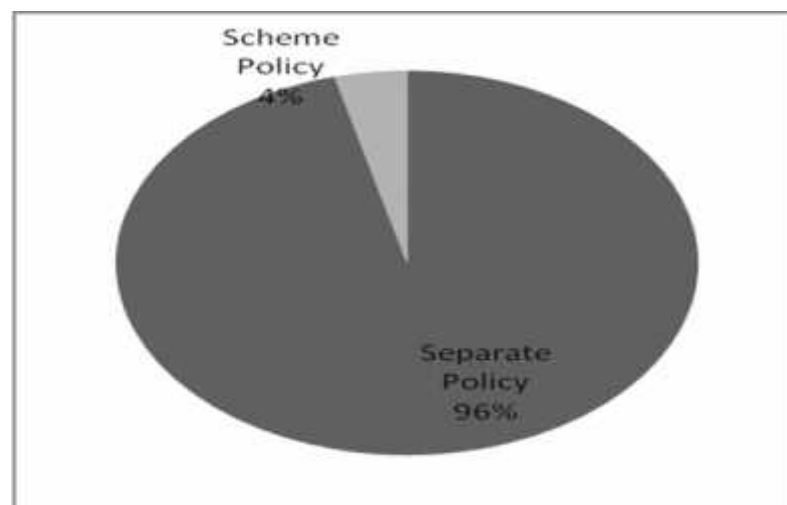
Table : 4.17
Insurance Policy Purchased (Insured) by Customer

Policy	No. of customer	Percentage
Separate Policy	96	96%
Scheme Policy	4	4%
Total	100	100

Source: Field Survey, 2013.

From above table 4.17 the majority of the respondents use separate policy. Whereas 96 percent respondents are use separate policy and only 4 percent respondents use scheme policies. So, we see that separate policy buyers are more than scheme policy. Most of the companies did not offer any scheme policy, only some companies are provide scheme policy. So, customers also not well known about scheme policy because most of the insurance companies did not lunched scheme policy.

Figure : 4.15
Insurance Policy Purchased (Insured) by Customer



4.1.14 Property Insured by Customer on the Basis of Insurance Policy

By the field survey the property insured by the customer on the basis of insurance policy is came to be known and that information is given below.

Table : 4.18
Property Insured by Customer on the Basis of Insurance Policy

Types	Insurable Property	No. of Customer	Percentage
Motor	Private Vehicle	10	10
	Commercial Vehicle	20	20
	Motorcycle	8	8
Fire	Stock on Trade	20	20
	Building	11	11
	Industry /Industrial Goods	2	2
	Other property	2	2
Misc.	Property Burglary	10	10
	Personal Accident / Group P.A.	7	7
	Medical Insurance	1	1
	Bankers Blanket indemnity	3	3
Marine	Marin in Land (Goods)	2	2
Engineering	Contractor's plant & Machinery	4	4
Total		100	100

Source: Field Survey, 2013.

Respondents have added the combined respondents (Respondents who have purchase more than single policy) to separately on each type of business remained on combination. That's why, there are 100 responses. The largest group of respondents buys Motor Policy than other types of policy. Group of respondents buy in Motor Policy; Private vehicle is 10 percent, commercial vehicle 20 percent, Motorcycle cover 8 percent. In Fire Policy; tock on trade

cover 20 percent, Building is 11 percent, Industry and industrial goods cover 2 percent, other property cover only 2 percent. In Misc. Policy, stock on trade burglary cover 10 percent, Personal accident or group personal accident cover 7 percent, Medical insurance cover 1 percent and Bankers Blanket Indemnity which concern for Bank cash insurance, cover 3 percent. In Marine Policy; marine in land cover only 2 percent and Engineering Policy cover only 4 percent. Therefore the majority of Motor Policy buys than other types of Policy. Then Fire Policy buyers seem more active to cover risk their Business stock and also Building than other insurance. In comparing to other Policies Motor and Fire Policies buyer insured their property.

4.1.15 Factors Affecting for Buying Decision

The researcher took four factors which affects buying decision of respondents relating to the insurance product. The table below shows their affecting status.

Table : 4.19
Factors Affecting for Buying Decision

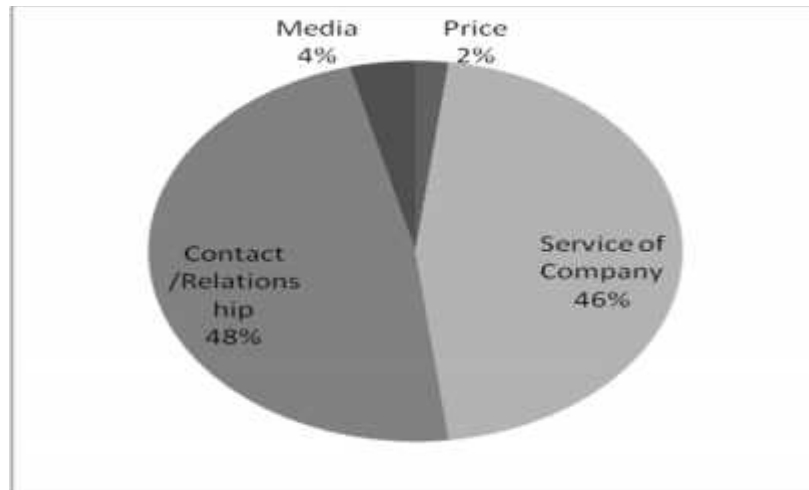
Factors	No. of Customer	Percentage
Price	2	2%
Service of Company	46	46%
Contact /Relationship	48	48%
Media	4	4%
Total	100	100

Source: Field Survey, 2013.

When opinion survey was taken from many types of respondents, the researcher found that most of the respondents insure through contact which is 48 percent. The service of company affects 46 percent. The customer affected by media for their buying decision is 4 percent and price factor affect only 2 percent. From this, the buying decision of customer is mainly affected contact

and service of company. Contact concern with the relationship between customer and insurance marketer.

Figure : 4.16
Factors Affecting for Buying Decision



4.1.16 Purpose of Insurance

According to the survey, researcher found that the purpose of insurance is different. 'Banking purpose' means customers do not want to insure themselves but by the force able provision Bank or Financial institutions. This is the provision to secure their investment. 'Own security and Banking secure' means who are conscious and also use loan form Bank or Financial institutions, they have need to do insurance. In 'entirely for my own security', means they are conscious about security of their property. Given table shows the survey results.

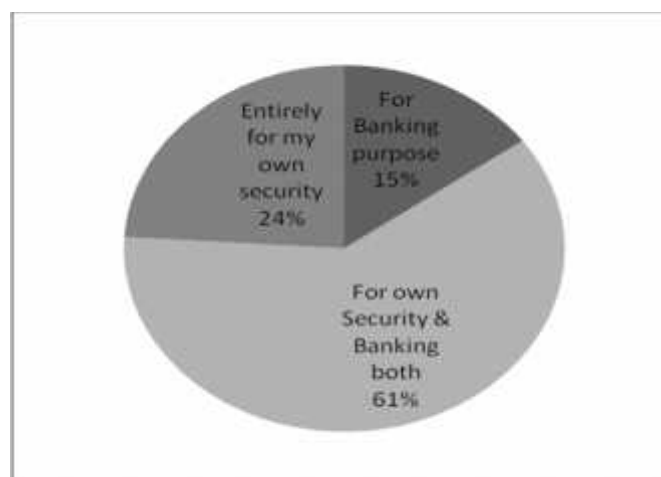
Table : 4.20
Purpose of Insurance

Purpose	No. of Customer	Percentage
For Banking purpose	15	15%
For own Security & Banking both	61	61%
Entirely for my own security	24	24%
Total	100	100

Source: Field Survey, 2013.

From above table out of 100 samples, 61 percent respondents fall in to largest group for insurance purpose for 'their own security and Banking provision'. 24 percent respondents are conscious about insurance and they do insurance themselves for their 'own security of their property' and 15 percent respondents do the insurance by the trap of 'Bank provision' but not willingly. The tendency towards the insurance is increasing not much willingly but forcibly.

Figure : 4.17
Purpose of Insurance



4.1.17 Decision Maker for Buying Insurance Policy

The researcher took four distinct decision makers for buying insurance policy and the outputs resulted from the field survey are given below.

Table : 4.21

Decision Maker for Buying Insurance Policy

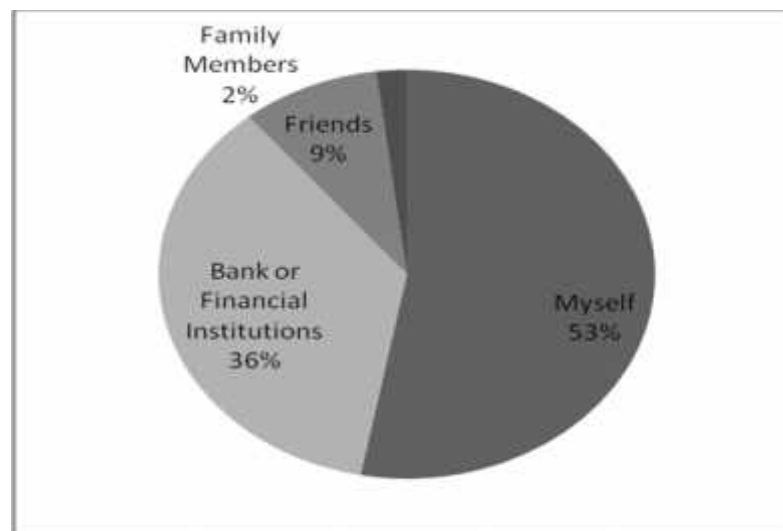
Source	No. of Customer	Percentage
Myself	53	53%
Bank or Financial Institutions	36	36%
Friends	9	9%
Family Members	2	2%
Total	100	100

Source: Field Survey, 2013.

This survey was conducted to identify the customers buying decision. 53 percent respondents decide themselves, 36 percent respondents decide not willingly but by Bank or Financial institutions, 9 percent decide through friends and among them 2 percent consult with family members and decide. Largest group of customer decide them and second through Bank or Financial institutions when they take out loan.

Figure : 4.18

Decision Maker for Buying Insurance Policy



4.1.18 Customers' View about Importance of Insurance on the Basis of Rank

Different views about the importance of insurance on the basis of rank have been provided by the customers and it is presented below.

Table : 4.22

Customers' View about Importance of Insurance on the Basis of Rank

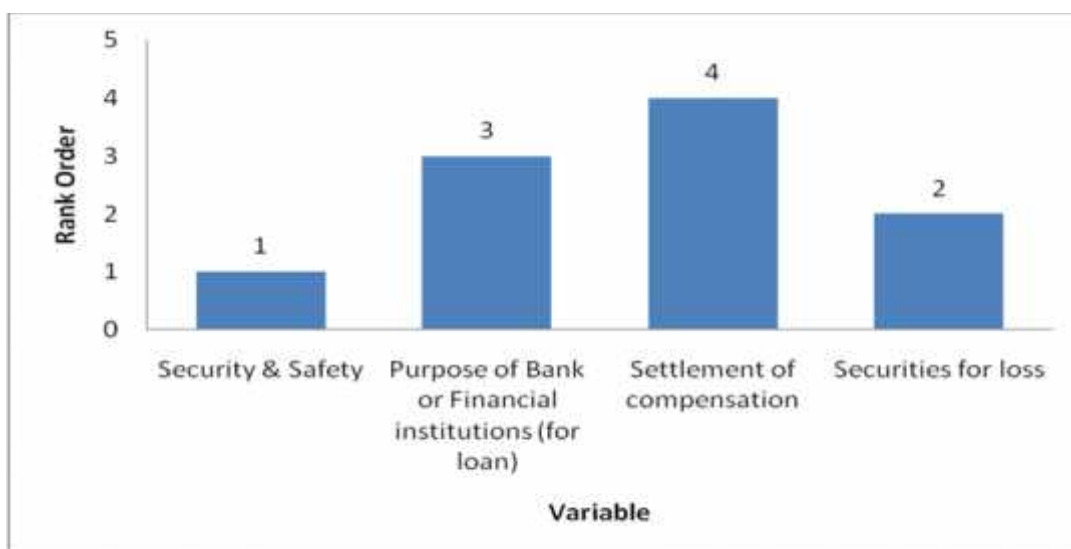
Rank \ Variables	1	2	3	4	Total	Rank order
Security & Safety	89	9	2	0	100	1
Purpose of Bank or Financial institutions (for loan)	5	8	28	59	100	3
Settlement of compensation	4	19	54	23	100	4
Securities for loss	2	64	16	18	100	2
Total	100	100	100	100	100	

Source: Field Survey, 2013.

Customers have given rank wise importance of insurance. Out of 100, 89 respondents have given first rank to 'security and safety', 64 respondents have given second rank to 'security for loss', 59 respondents have given third rank to 'purpose of Bank or Financial institutions' and 54 have given fourth rank to the 'settlement of compensation'. From the survey, we found that customer have given priority for their 'security and safety' and second is 'security for loss'. Loan purpose that means they have to insure before taking loan by the compulsory provision.

Figure : 4.19

Customers' View about Importance of Insurance



4.1.19 Customers Preference to the Insurance Company

The researcher has been taken the opinion of customer about their preference about insurance company, which is shown below.

Table : 4.23

Customers Preference to the Insurance Company

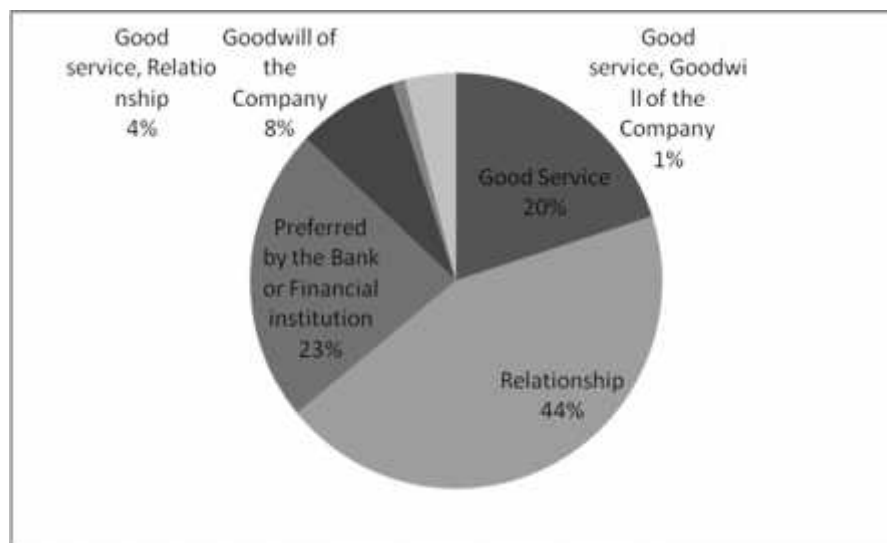
Factors	No. of Customer	Percentage
Good Service	20	20%
Relationship	44	44%
Preferred by the Bank or Financial institution	23	23%
Goodwill of the Company	8	8%
Good service, Goodwill of the Company	1	1%
Good service, Relationship	4	4%
Total	100	100

Source: Field Survey, 2013

From the above table 4.23, out of 100 respondents give their opinion about the preference to select insurance company. Largest group of respondents fall in to 'relationship', 44 percent fall in this group, 23 percent respondents preferred on the basis of 'Bank or Financial institutions' when they took loan. 20 percent respondents preferred based on 'Good service' of Company, 8 percent respondents preferred 'goodwill' of the company, 4 percent respondents preferred by their 'good service and relationship' and rest of them percent respondents prefer them by their 'good service of company' and 'goodwill of the company'. According to this opinion we obtained conclusion that most of the respondents select by their relationship with insurance companies marketing staff or agent.

Figure : 4.20

Customers Preference to the Insurance Company



4.1.20 Expectation from Insurance Company

Customers expect insurance related service from insurance company. Related factors for this are given below.

Table : 4.24

Customers Expectation from Insurance Company

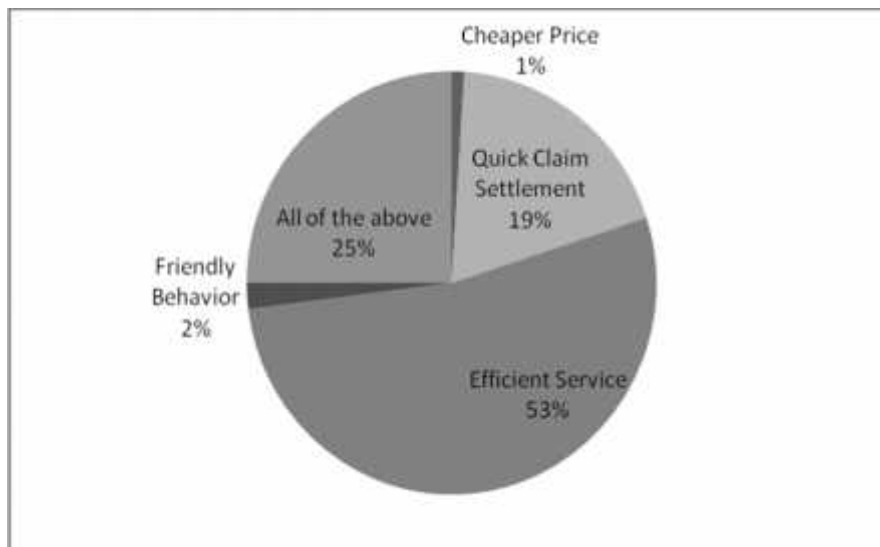
Variables	No of Customer	Percentage
Cheaper Price	1	1%
Quick Claim Settlement	19	19%
Efficient Service	53	53%
Friendly Behavior	2	2%
All of the above	25	25%
Total	100	100

Source: Field Survey, 2013.

Out of 100 samples, most of the respondents expect 'efficient service' concerned with quick claim settlement, low premium, easily available policy etc. which cover 53 percent. 25 percent respondents expect all given options which is 'cheaper price', 'quick claim settlement', 'efficient service' and 'friendly behavior'. 19 percent respondents expect 'quick claim settlement' concern with compensation. 2 percent respondents expect 'friendly behavior' and rest 1 percent respondents expect 'cheaper price'. From this observation customers main expectation is 'efficient service' and than 'quick claim settlement' for compensation.

Figure : 4.21

Customers Expectation from Insurance Company



4.1.21 Customers Transaction Period of Insurance

From the survey results, respondents have different time duration of insurance. In non-life insurance all the Policy covers risks for one year and if customer want to continue, they have to renew Policy and their valid coverage time duration also be added for one year. Given table shows the transaction period of insurance.

Table : 4.25
Customers Transaction Period of Insurance

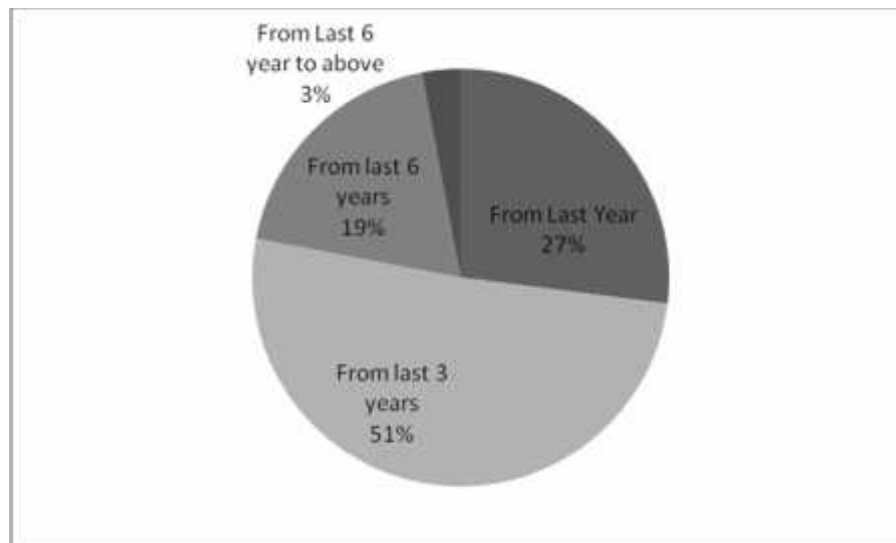
Time	Customer	Percentage
From Last Year	27	27%
From last 3 years	51	51%
From last 6 years	19	19%
From Last 6 year to above	3	3%
Total	100	100

Source: Field Survey, 2013.

According to the table out of 100 respondents, we found that 51 percent or 51 customers insured their property from last 3 years, secondly 27 percent insured from last year, 19 percent were insured from last 6 years and 3 percent were insured from last 6 years and above. From this facts majority of customers insured from last 3 year.

Figure : 4.22

Customers Transaction Period of Insurance



4.1.22 Claim Made or not for Compensation

The following table provides the information of the claims made or not for the compensation which is prepared with reference to the field survey.

Table : 4.26

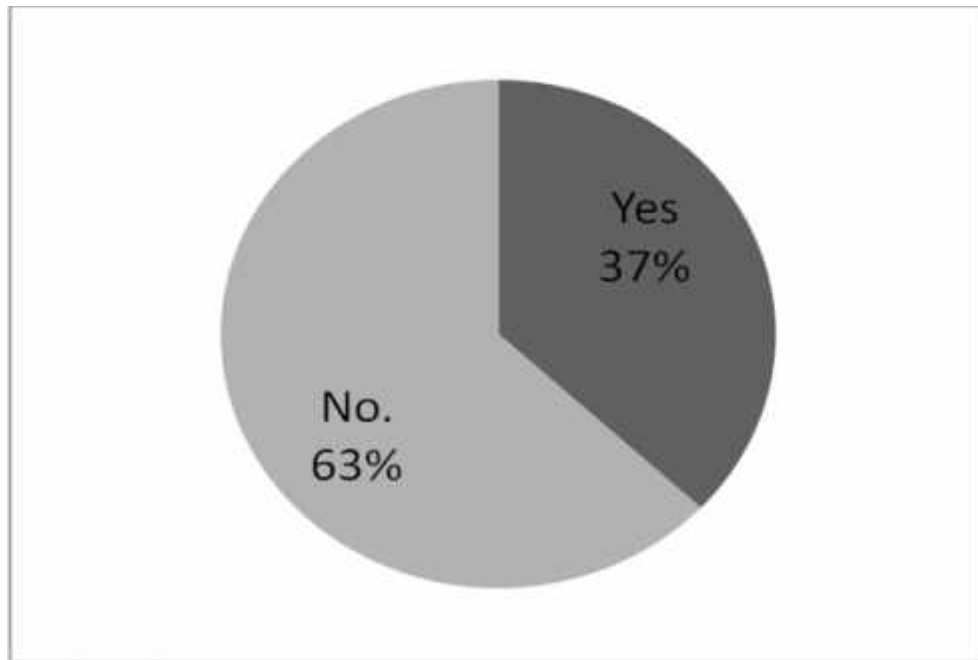
Claim Made or not for Compensation

Response	No. of Customer	Percentage
Yes	37	37%
No.	63	63%
Total	100	100

Source: Field Survey, 2013.

Out of 100 samples, 37 percent respondents fall in to claim and largest group of respondents 63 percent do not fall in to claim. Therefore the entire insured do not fall in claim but only few numbers of customers bear loss from any risk because to achieved compensation.

Figure : 4.23
Claim Made or not for Compensation



4.1.22.1 Experience of Customer During Claim Settlement Procedure

Customers experience various circumstances during claim settlement procedure. Those experiences are presented below taking reference from the field survey.

Table : 4.27
Experience of Customer During Claim Settlement Procedure

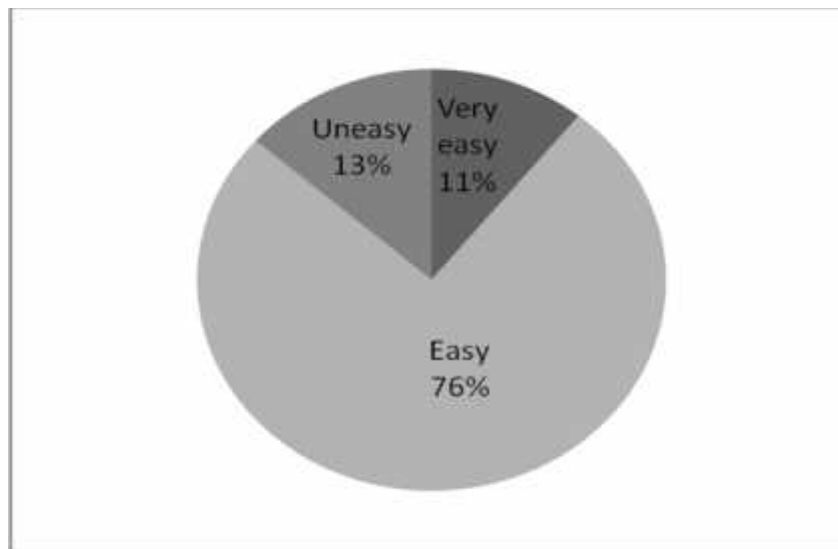
Response	No. of Customer	Percentage
Very easy	8	10.81%
Easy	56	75.68%
Uneasy	10	13.51%
Total	74	100

Source: Field Survey, 2013.

According to the survey results out of 100 respondents only 74 respondents claimed in insurance company for achieve compensation. The largest number of respondents experienced easy claim settlement procedure which is 75.68 percent. 13.51 percent feel uneasy and only 10.81 percent respondents feel very easy. Hence we conclude that the claim settlement procedure is easy and few numbers of respondents experienced uneasy.

Figure : 4.24

Experience of Customer During Claim Settlement Procedure



4.1.22.2 Period for Claim Settlement

The existing periods for the claim settlement are mentioned below. This data is obtained from the field survey.

Table : 4.28

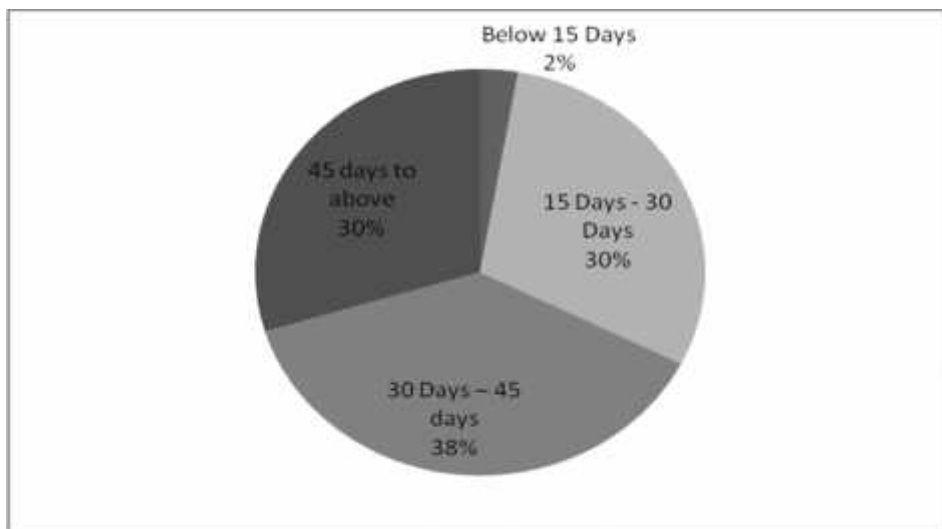
Period for Claim Settlement

Time	No. of Customer	Percentage
Below 15 Days	2	2.70%
15 Days - 30 Days	22	29.73%
30 Days – 45 days	28	37.84%
45 days to above	22	29.73%
Total	74	100

Source: Field Survey, 2013.

Which shows claim settlement period. We see that for 37.84 percent respondents took it 30 days to 45 days, for 29.73 percent it took 15 days to 30 days. For 29.73 percent respondents it took above 45 days and only 2.70 percent respondents settled within 15 days. Hence we conclude that normally claim settlement takes time 30 days to 45 days. This time period varies per claim.

Figure : 4.25
Period for Claim Settlement



4.1.22.3 Satisfaction Level of Claim Settlement Procedure

When the respondents fulfill the claim settlement, they have taken compensation provided by the insurance company. The survey results given table shows their level of satisfaction.

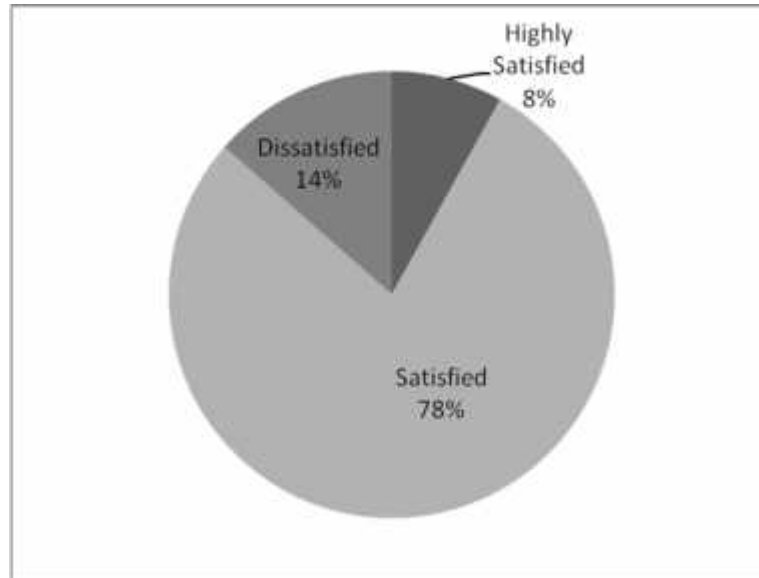
Table : 4.29
Satisfaction Level of Claim Settlement Procedure

Level of Satisfaction	No. of Customer	Percentage
Highly Satisfied	6	8.11%
Satisfied	58	78.38%
Dissatisfied	10	13.51%
Total	74	100

Source: Field Survey, 2013.

Figure : 4.26

Satisfaction Level of Claim Settlement Srocedure



In above table and figure, three level of satisfaction are given. Most of the respondents are satisfied which is 78.38 percent, 13.51 percent are dissatisfied and rest 8.11 percent are highly satisfied. From this observation the most of the customers are satisfied.

4.1.22.4 Customers View about Compensation

Insurance company are compensate when the customer claim. Customer view of compensation according to survey results is as follows.

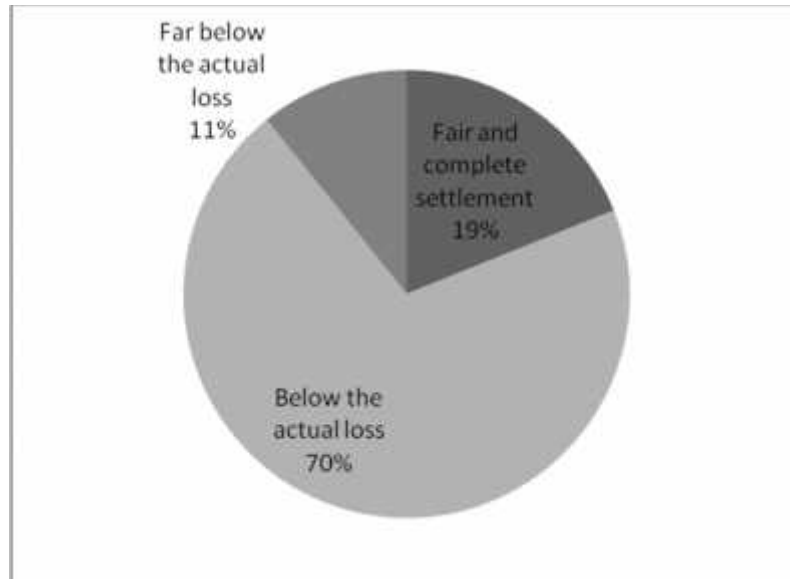
Table : 4.30

Customers View about Compensation

Variables	No. of Customer	Percentage
Fair and complete settlement	14	18.92%
Below the actual loss	52	70.27%
Far below the actual loss	8	10.81%
Total	74	100

Source: Field Survey, 2013.

Figure : 4.27
Customers View about Compensation



From the survey result, respondents had given their view about compensation when they claim for their loss of property. 70.27 percent respondents got the compensation 'below the actual loss' which is the largest group. 18.92 percent respondents got the compensation for 'fair and complete settlement' and rest 10.81 percent respondents got 'far below the actual loss'. So, we concluded that respondents normally compensated 'below the actual loss' and marginal loss bears by themselves.

4.2.15 Value of Insurable Property

Various values of insurance property are existing at present and those values are categorized here under.

Table : 4.31
Value of Insurable Property

Categories	Value	No. of Customer	Percentage
Motor	Below Rs. 3,00,000	7	7
	Rs.3,00,000 - 1,000,000	12	12
	Rs.1,000,000 - 2,000,000	14	14
	Rs.2,000,000 - above	1	1
Fire	Below Rs. 1,000,000	11	11
	Rs.1,000,000 - 3,000,000	14	14
	Rs.3,000,000 - 6,000,000	7	7
	Rs.6,000,000 - above	5	5
Misc.	Below Rs. 5,00,000	6	6
	Rs.5,00,000 - 1,000,000	5	5
	Rs.1,000,000 - 2,000,000	3	3
	Rs.2,000,000 - above	9	9
Marine	Rs.1,000,000 - 2,000,000	1	1
	Rs.2,000,000 - above	1	1
Engineering	Rs.6,000,000 - above	4	4
	Total	100	100

Source: Field Survey, 2013.

From the data on above table shows in terms of value of insurable property. For Motor Policy out of 100 sample the value is below Rs. 3,00,000 number of respondents are 7 percent, Rs.3,00,000 to 1,000,000 is 12 percent, Rs.1,000,000 to 2,000,000 is 14 percent and above Rs.2,000,000 is only 1 percent. In Fire Policy below Rs.1,000,000 is 11 percent, Rs.1,000,000 to 3,000,000 is 14 percent, Rs.3,000,000 to 6,000,000 is 7 percent and above Rs.6,000,000 is only 5 percent. In Misc. Policy the value of insured amount is below Rs.5,00,000 is 6 percent, Rs.5,00,000 to 1,000,000 is 5 percent, Rs.1,000,000 to 2,000,000 is 3 percent and above Rs.2,000,000 is only 9 percent. In Marine Policy the value of insurance is Rs.1,000,000 to 2,000,000 is 1 percent and above Rs.2,000,000 is 1 percent. In Engineering Policy the value is Rs.6,000,000 is 4 percent. So,

we conclude that the Motor insurance value Rs.1,000,000 to 2,000,000 which shown as the more buyer insured. In Fire insurance the majority of value is Rs.1,000,000 to 3,000,000, Misc. insurance the value is above Rs. 2,000,000, Marine is normally Rs.1,000,000 to Rs.2,000,000 above Rs.2,000,000 . And the Engineering is above Rs. 6,000,000.

4.1.24 Premium Expenditure Level of Customers

The researcher took response on how much respondents are ready to spend money in insurance Policy which is shows in table 4.32.

Table : 4.32

Premium Expenditure Level of Customers

Categories	Expenditure(Insurance charge)	No. of Customer	Percentage
Motor	Rs.2,000 - 10,000	10	10
	Rs.10,000 - 20,000	8	8
	Rs.20,000 - 30,000	11	11
	Rs.30,000 - above	7	7
Fire	Rs.5,00 - 10,000	25	25
	Rs.10,000 - 20,000	5	5
	Rs.20,000 - 30,000	3	3
	Rs.30,000 - above	3	3
Misc.	Rs.5,00 - 10,000	14	14
	Rs.10,000 - 20,000	3	3
	Rs.30,000 - above	4	4
Marine	Rs.10,000 - 20,000	3	3
Engineering	Rs.30,000 - above	4	4
Total		100	100

Source: Field Survey, 2013.

When opinion survey was taken to respondents to their expenditure for insurance. Give table shows types of insurance Policy and majority of premium expenditure status. Out of 100 in Motor Policy 7 percent respondents paid expenditure of Rs.20,000 to 30,000, 10 percent are of Rs.2,000 to 10,000, 8

percent are of Rs.10,000 to 20,000 and only 7 percent respondents are of Rs.30,000 to above. The majority of the respondents' expenditure on Fire Policy is Rs.5,00 to 10,000 by 25 percent respondents, 4 percent paid Rs.10,000 to 20,000 and Rs.20,000 to 30,000 or above is 3 percent respondents. In Misc. Policy the status of premium expenditure level is 14 percent who paid Rs.5,00 to 10,000 is largest respondents. 3 percent respondents paid Rs.30,000 to above and 3 percent respondents only paid Rs.10,000 to 20,000. In Marine Policy according to the survey result the majority of Marine Policy is minimum number and the premium expenditure status is basically Rs.10,000 to 20,000 which is in total 2 percent. In Engineering Policy the largest amount is paid by respondents which is 3 percent expenditure above Rs.30,000. Hence from the observation the status of premium expenditure level in Motor Policy is Rs.20,000 to 30,000, in Fire Policy Rs.5,00 to 10,000, in Misc. Policy is Rs.5,00 to 10,000, Marine Policy is Rs.10,000 to 20,000 and Engineering is above Rs.30,000.

4.2 Major Findings

The major findings of the study from the analysis are as follows:

4.2.1 Insurance Companies Opinion

The followings are extracted as the findings from the insurance companies' opinion. As per the analysis conducted:

-) Factual information is necessary to the buyers are Businessman deserves first rank, second rank by Service holder, third by Professionals and then Industrialist, Bank and others respectively.
-) The majority of the buyers' academic qualification is intermediate, second position is graduate, third below SLC and post graduate.

-) The majority of large group of respondents those who take loan by putting insurable collateral necessary for insurance according to the Bank or Financial institutions' provision.
-) In the market, the most saleable product is Motor Policy and Fire Policy then Misc., Engineering and Marine Policy. Aviation policy does exist in Pokhara valley because here are not central Airlines.
-) Types of customer faced by insurance company who use loan from Bank or Financial institutions is the first rank and who are self conscious about security of second rank and other are having well economic condition, high level of income .
-) Bank or financial institutions, customer himself, costumers' relatives and friends are the major influencing factors for buying decisions. Among them Bank or Financial institutions influence many customers. Other factors; costumer himself, costumers' relatives and friends also influence for buying decision.
-) Insurance Business is the service oriented business. If companies are able to provide good service for customers about insurance related service, they can grow or expand insurance business. To promote the insurance business awareness program is necessary. In other hand new 'research and development' must be done to explore new market and product.

4.2.2 Customers'(Insured) Opinion

The followings are extracted as the findings from the customers'(insured) survey. As per the analysis conducted:

-) Out of 46 only 10 are female and 36 are male and they have different age group. The age groups between 30-40 years are more active customer than other age group.

-) In individual customer they have different academic qualifications. Among them large number is of intermediate which covers 41.3 percent and graduate than other types of academic qualification.
-) Individual customer have different profession .The majority is of businessman which cover 43.48 percent and then service holder which cover 39.62 percent.
-) The majority of customer falls into individual customer which is 46 percent, and second trader which is 34 percent then other types of customers.
-) Different types of customer have different income level. Most of the customer have annual income Rs.2,00,000 to Rs.5,00,000 which cover 44 percent of the total and 25 percent have Rs. 5,00,000.00 to Rs. 1,000,000.00. Those who have sound income level are more active for insurance.
-) Out of 100 samples, 74 percent customers use loan from Bank or Financial institutions by using of insurable collateral and only 26 percent do not use. Loan users are more motivated for buying insurance product.
-) Motor policy is purchased by most of the customer and then Fire Policy. Customer purchased more than one policy according to their need. 38 percent customers purchased Motor Policy, 29 percent purchased Fire Policy and Fire aand Misc. Policy by 12 percent respondents. These policies have majority than other types of insurance policies like Engineering, Marine, etc.
-) The majority of the respondents fall into purchased separate Policy by 94 percent and only 6 percent purchased scheme Policy. In Scheme Policy cover more risk and separate Policy only cover mention risk.
-) In Motor insurance; private vehicle, commercial vehicle, and motorcycle are insurable property. Commercial vehicle insurance buyer are more than other vehicle, which cover 20 percent, In Fire insurance; include stock on trade, building, industrial goods, industry and other properties.

Stock on Trade insurance holder is more than other property which cover 20 percent. Misc. Policy covers business stock Burglary, Personal Accident, Group Personal Accident, Medical insurance, Bankers Blanket Indemnity. Largest group of customer cover Stock on Trade burglary than other. In Marine policy only cover marine in lands (Goods) and Engineering insurance cover Constructions plant and Equipment.

-) Factors affecting for buying decision of customers to the insurance product are contact, service of company, price and media. Among them many customer insured by contact (48%) and then by service of company (46%).
-) The customers purchase insurance product for so many purposes. The largest number of customers fall into 'own security and also Bank or Financial institutional' purpose, conscious about security is growing so customer entirely insure for their own security.
-) Most of the respondents decide themselves for insurance. And for this Bank or Financial institutions also play the role.
-) The majority of respondents feel, the importance of insurance is 'security and safety' and second majority is 'security against loss', third majority is the 'purpose of Bank or Financial institution' to take out the loan from them. Last important factor is settlement of compensation.
-) The value of insurable property is different. In Motor insurance the value, most of the customer insured is Rs.1,000,000 to Rs. 2,000,000 which cover 14 percent. In Fire is Rs. 1,000,000 to Rs.3,000,000 which cover 14 percent. In Misc. insurance above Rs. 2,000,000 which cover 7 percent. In Marine the value of insurable property is Rs. 1,000,000 to above Rs. 2,000,000 and in Engineering Insurance normally above Rs. 6,000,000.
-) The customer expenditure to purchase insurance policy is different Policy wise. In Motor insurance is 11 percent expenditure Rs. 20,000 to Rs.30,000, in Fire insurance 25 percent expenditure Rs.5,00 to Rs.

10,000 In Misc. insurance 15 percent expenditure Rs. 500 to Rs. 10,000, in Marine insurance 2 percent expenditure Rs. 10,000 to Rs. 20,000 and in Engineering insurance 4 percent expenditure above Rs. 30,000. These are main largest groups in terms of expenditure for insurance.

-) The Majority of the customers prefer is through relationship with the insurance companies and Bank or Financial Institutions also. Other factors don not play much significant role.
-) The expectation of the customers towards the insurance is their efficient service which 53 percent customers. Other expectations are quick claim settlement, cheaper price, and friendly behavior.
-) The majority of customer did not make claim, only 37 percent customers claimed.
-) Different customers have different experience during claim settlement procedure but majority of them feel easy and few number of respondents experienced uneasy.
-) When the customers claimed, the normal time for claim settlement is 30 days to 45 days.
-) The majority of customers' satisfaction level is satisfied. Some customers are highly satisfied and some are also dissatisfied.
-) When the customers claimed for the loss, compensation amount is below the actual loss and remaining loss has to bear by the customer themselves.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The success and failure of any business depend on the behavior of consumer. Therefore, without doubt, we can say that all the manufacturers and marketers of the product and service depend on consumer. The market is created by consumer. Without customer we can't operate any business activities. So, consumer is the king of business. Those who understand the consumer's behavior can achieve great advantage in the market place. So, business organizations must understand the consumer buying behavior for their long term survival in today's changing and competitive business environment. But, understanding consumers' behavior is become more complicated. It requires regular efforts of investigation and exploration about consumers. But in Nepalese business organizations, investigation and exploration about consumer behavior are rare or absent. Therefore, in such circumstances, an attempt has been made to study about buyers' behavior on non-life insurance product taking the Pokhara as a model city. The buying behavior of buyers on non-life insurance product have been studied focusing on the following objectives: Main buyers and their features, most selective insurance product type, major factor affecting buying decision, impact of claim settlement and status of insurable value and expenditure on insurance product by the buyer.

The majority of customers' respondents those who take loan by putting insurable collateral necessary for insurance according to the Bank or Financial institutions' provision for investment secure. The majority of the buyers' academic qualification is intermediate who fall to buy insurance product. It indicates that, insurance product buyer need not high level of education. Factors affecting for buying decision of customers to the insurance product are

contact, service of company, price and media. Among them many customer insured by contact and then by service of company. Insurance companies marketing staff are direct contact to insurance business area and Bank or Financial institutions that have provision for investment secure they insured on insurable property. But price and media do not affect for buying decision. The value of insured property and expenditure level for different product is different. Premium can be determined on the basis of value of property and the types of risk. If there is high risk it charges high premium and if low risk then it charges minimum premium. Different types of customer have different income level. Who feel secure owns self and also has good income level, buy insurance product. Those who have sound income level are more active for insurance. The majority of the customers buy Motor Policy and Fire Policy than other types of Policy. More than one policy is bought by the customer according to their need. Aviation Policy is not bought by any customer because all Airlines Companies are directly concerned with head office. Other types of Policy like Misc., Engineering and Marine are bought by minimum number of buyer. So, Pokhara is the major area for motor and fire insurance business. In the Motor insurance, the majority of commercial vehicles is insured by the large number of customer as well as in Fire insurance; stock on trade or goods were also insured by many customers. The customers purchase insurance product for so many purposes. The largest number of customers fall into 'own security and also Bank or Financial institutional' purpose, conscious about security is growing so customer entirely insure for their own security. Insurance business has not reached all the level of the people. Mostly insurance companies provide good service for customer; it should be expanded, also need to conduct awareness program and company should create secure about the importance of insurance. To cover market area, company should need to research and development for finding new market area and also need to explore new product development. The expectation of the customers on the insurance is their efficient service. Other expectations are claim settlement, cheaper price, friendly behavior from customers. Most of the respondents decide themselves

for insurance. And for this Bank or Financial institutions also play the role because they have compulsory provision for secure investment. The Majority of the customers prefer is through relationship with the insurance companies. Other factors don not play much significant role. Different customers have different experience during claim settlement procedure but majority of them feel easy and few numbers of respondents experienced uneasy. The majority of the trader and individual customers are major buyer of insurance product as well as industrialist, Bank and other types of customers also buy it. Traders insure business stock or goods, individual insured building, vehicle, P.A., G.P.A etc. In terms of insurance consumers related to Bank and industry are less than trader and individual customer. Individual customers are of different profession. The majority of customer who are businessman and service holder buy more insurance product than of other professional. When the customers claimed for the loss, compensation amount is below the actual loss and remaining loss has to bear by the customer themselves. It is clear that all the losses compensation is not provided by the company. The majority of respondents feel the importance of insurance is 'security and safety' and second majority is 'security against loss', third majority is the 'purpose of Bank or Financial institution' to take out the loan from them. Last important factor is settlement of compensation. From this insurance is most important for security and safety.

5.2 Conclusions

Through the detail analysis conducted the following conclusions can be derived:

-) Individual customers are of different profession. The majority of customer who are businessman and service holder buy more insurance product than of other professional.

-) Different types of customer have different income level. Who feel secure owns self and also has good income level, buy insurance product. Those who have sound income level are more active for insurance.
-) The majority of the trader and individual customers are major buyer of insurance product as well as industrialist, Bank and other types of customers also buy it. Traders insure business stock or goods, individual insured building, vehicle, P.A., G.P.A etc. In terms of insurance consumers related to Bank and industry are less than trader and individual customer.
-) The majority of the buyers' academic qualification is intermediate who fall to buy insurance product. It indicates that, insurance product buyer need not high level of education.
-) Bought by any customer because all Airlines Companies are directly concerned with head office. Other types of Policy like Misc., Engineering and Marine are bought by minimum number of buyer. So, Pokhara is the major area for motor and fire insurance business.
-) In the Motor insurance, the majority of commercial vehicles is insured by the large number of customer as well as in Fire insurance; stock on trade or goods were also insured by many customers.
-) The majority of customers' respondents those who take loan by putting insurable collateral necessary for insurance according to the Bank or Financial institutions' provision for investment secure.
-) The majority of the customers buy Motor Policy and Fire Policy than other types of Policy. More than one policy is bought by the customer according to their need. Aviation Policy is not
-) Factors affecting for buying decision of customers to the insurance product are contact, service of company, price and media. Among them many customer insured by contact and then by service of company. Insurance companies marketing staff are direct contact to insurance business area and Bank or Financial institutions that have provision for

investment secure they insured on insurable property. But price and media do not affect for buying decision.

-) The customers purchase insurance product for so many purposes. The largest number of customers fall into 'own security and also Bank or Financial institutional' purpose, conscious about security is growing so customer entirely insure for their own security.
-) Most of the respondents decide themselves for insurance. And for this Bank or Financial institutions also play the role because they have compulsory provision for secure investment.
-) The majority of respondents feel the importance of insurance is 'security and safety' and second majority is 'security against loss', third majority is the 'purpose of Bank or Financial institution' to take out the loan from them. Last important factor is settlement of compensation. From this insurance is most important for security and safety.
-) The Majority of the customers prefer is through relationship with the insurance companies. Other factors don not play much significant role.
-) When the customers claimed for the loss, compensation amount is below the actual loss and remaining loss has to bear by the customer themselves. It is clear that all the losses compensation is not provided by the company.
-) The value of insured property and expenditure level for different product is different. Premium can be determined on the basis of value of property and the types of risk. If there is high risk it charges high premium and if low risk then it charges minimum premium
-) Insurance business has not reached all the level of the people. Mostly insurance companies provide good service for customer; it should be expanded, also need to conduct awareness program and company should create secure about the importance of insurance.
-) To cover market area, company should need to research and development for finding new market area and also need to explore new product development.

-) The expectation of the customers towards the insurance is their efficient service. Other expectations are claim settlement, cheaper price, friendly behavior from customers.
-) Different customers have different experience during claim settlement procedure but majority of them feel easy and few numbers of respondents experienced uneasy.

5.3 Recommendations

-) Motor Policy and Fire Policy are more saleable in the market. Insurance company need to expand or focus to sale other products like Misc., Engineering and Marine. Company should give message in the market that insurance is very important and beneficial for all people and property. P.A., G.P.A, Medical insurance are very important for individual life which is necessary for secure. Insurance companies should create awareness and eagerness to the importance of insurance.
-) The customer who use loan from Bank or Financial institutions by putting insurable collateral, fall in insurance. Besides that companies need to conduct conscious program to inform general people that insurance is equally and ultimately useful to all for their security of life and property.
-) Government should formulate such rules and regulations which promote insurance market and motivate public to insured.
-) Every business sector needs to understand buyers' behavior. Without understanding consumers' behavior the marketers and manufacturers do not get success in the market as well as they could not achieve organizational goals. Therefore following recommendations are proposed by this study:
-) Since majority of the trader and individual basically who is Businessman, only insured. Companies should spray the importance of insurance for all types of people like individual human, professionals,

industrialist, constructions company, NGO, INGO to insure their property.

-) The majority of businessman insured their stock on trade or goods and service holders buy more insurance product than other. So it is necessary to include other types of customer to increase the selling rate.
-) Customers are feeling uneasy about the process of claim settlement, companies need to improve lengthy procedure to compensate customer ultimately and effectively. They should try to compensate completely of actual loss.
-) Insurance companies are only focusing insurance related business. Companies are not conducting other promotional activities. Therefore company should conduct other effective promotional activities i.e. advertisement, public orientation etc. which establish the feeling 'property is itself not enough, it's sustainability and security is also essential to live qualitatively.'
-) All the insurance companies focus only limited business houses. They should need to find out new market place which covers more marketing area of insurance business and welfare for all customers and their property.

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APPENDICES

Appendix 1

Questionnaire for the Consumer's (Insured)

I would like request you participate in this research titled "**Consumers' Behavior On Non-Life Insurance Product: A Study In Pokhara Valley**" This research will be done for the partial fulfillment of the requirement for Master's Degree in Business Studies (MBS).I'm a student of P.N. Campus Pokhara. The objective of this study is to find out the buying behavior of customers of non-life Insurance product in Pokhara valley. That's why I kindly request you to fill up the following questionnaires. Your information will be kept much confidential. I'd be grateful if you fill the questionnaire very sincerely. Please tick any one.

1. Consumer Profile

a Name:

b Address:

c Age group: 20-30 30-40 40-50 Above 50

d Gender/sex: Male Female

e Marital Status: Married Unmarried

f Academic Qualification:

Below S.L.C Intermediate Graduate Post Graduate

g Profession:

Student Non Student Service holder Businessman

Industrialist Doctor Engineering Teacher Other

2. Do you Purchase Non-Life insurance Policy (Product)?

i. Yes ii. No

3. Types of Customer
- i. Individual ii. Trader iii. Industrialist v. Other
- (Please Specify).....
- 4.. Your own/Your Firms' annual Income Level
- i. Less than 1 lakh ii. Rs.1 Lakh to 2 Lakh
- iii.Rs.2 Lakh to 5 Lakh iv.Rs.5 Lakh to 10 Lakh
- v .More than 10 Lakh
5. Which insurance policies have you purchased?
- i. Fire ii. Motor iii. Marine iv. Misc v. Engineering
- vi. Aviation

Types of Insurance	Value of Insurance Property	Premium Paid Level (Rupees).by you.
1. <u>Motor Insurance</u> i. Private Vehicle <input type="checkbox"/> ii. Commercial vehicle <input type="checkbox"/> iii. Motorcycle <input type="checkbox"/> iv. Other (Please Specify).....	i. Below Rs.3Lakh <input type="checkbox"/> ii. Rs.3 Lakh to Rs.10 Lakh <input type="checkbox"/> iii. Rs.10 lakh to Rs. 20 Lakh <input type="checkbox"/> iv. Above Rs. 20 Lakh <input type="checkbox"/>	i. 2,000 To 10,000 <input type="checkbox"/> ii. 10,000 To 20,000 <input type="checkbox"/> iii.20,000 To 30, 000 <input type="checkbox"/> iv. Above 30,000 <input type="checkbox"/>
2. <u>Fire Insurance</u> i. Stock on Trade <input type="checkbox"/> ii. Building <input type="checkbox"/> iii. Industry <input type="checkbox"/> iv. Industrial goods <input type="checkbox"/> v. Office /Household Property <input type="checkbox"/> vi. Other (Please Specify)	i. Below Rs.10 Lakh <input type="checkbox"/> ii. Rs.10 Lakh to Rs. 30 Lakh <input type="checkbox"/> iii. Rs.30 lakh to Rs.60 <input type="checkbox"/> iv. Above Rs.60 lakh <input type="checkbox"/>	i. 5,000 To 10,000 <input type="checkbox"/> ii.10,000To 20, 000 <input type="checkbox"/> iii.20,000 To 30,000 <input type="checkbox"/> iv. Above 30,000 <input type="checkbox"/>

<p><u>3. Misc. Insurance</u></p> <p>i. Property Burglary ∫</p> <p>ii. Personal Accident ∫</p> <p>iii. Group P.A. ∫</p> <p>iv. Medical Insurance ∫</p> <p>v. Cash in Valt/Save ∫</p> <p>vi. Cash in Transit ∫</p> <p>vii. Bankers Blanket Indemnity ∫</p> <p>viii. Other Scheme Policy (Please Specify).....</p>	<p>i. Below Rs.5 Lakh ∫</p> <p>ii. Rs.5 Lakh to Rs.10 Lakh ∫</p> <p>iii. Rs.10 Lakh to Rs.20 Lakh ∫</p> <p>iv. Above Rs. 20 lakh ∫</p>	<p>i.5,000 To 10,000 ∫</p> <p>ii. 10,000 To 20,000 ∫</p> <p>iii. 20,000 To 30,000 ∫</p> <p>iv. Above 30,000 ∫</p>
<p><u>4. Marine Insurance</u></p> <p>i. Marine in Land (Goods..) ∫</p> <p>ii. Marine by Air (Goods...) ∫</p> <p>iii. Marine in Cargo</p> <p>iv. Other please specify.....</p>	<p>i. Below Rs.5 Lakh ∫</p> <p>ii. Rs. 5 Lakh to Rs. 10 Lakh ∫</p> <p>iii. Rs.10 lakh to Rs. 20 lakh ∫</p> <p>iv. Above Rs.20 lakh ∫</p>	<p>i. 5,000 To 10,000</p> <p>ii. 10,000 To 20,000 ∫</p> <p>iii. 20,000 To 30,000</p> <p>iv. Above 30,000 ∫</p>
<p><u>5. Engineering Insurance</u></p> <p>i. Contractor's Plant & Machinery ∫</p> <p>ii. Contractor's All Risk ∫</p> <p>iii. Electronic Equipment ∫</p> <p>iv. Machinery Insurance ∫</p>	<p>i. Below Rs.10 Lakh ∫</p> <p>ii. Rs.10 Lakh to Rs.30 Lakh ∫</p> <p>iii. Rs. 30 lakh to Rs.60 lakh ∫</p> <p>iv. Above Rs. 60 lakh ∫</p>	<p>i. 5,000 To 10,000</p> <p>ii. 10,000 To 20,000 ∫</p> <p>iii. 20,000 To 30,000 ∫</p> <p>iv. Above 30,000 ∫</p>

7. From when are you purchasing insurance policy?
 - i. form last year
 - ii 1 to 3 years
 - iii. 3 to 6 years
 - iv. Above 6 years
8. What is the factors affecting buying decision?
 - i. Price
 - ii. Service of company
 - iii. Contact/Relationship
 - iv. Media
 - v. Desire for security of future
9. Have you taken any loan by putting insurable collateral?
 - i. Yes
 - ii. No
10. What is the objective of insurance?
 - i. For Banking purpose (Loan Disbursement)
 - ii. For own security and banking both
 - iii. Entirely for my own security
11. What is the factors that play the main role for your insurance?
 - i. Yourself
 - ii. Bank or Financial Institutions
 - iii. Friends
 - iv. Family members
12. Have you Lost/damage any insurance property?
 - i. Yes
 - ii. No
13. Do you afford the insurance premium easily?
 - i. Yes
 - ii. No
14. Please **rank 1,2,3 & 4** on the basis of priority of insurance
 - i. For Security & Safety
 - ii. For purpose of banking security
 - iii. Settlement of compensation
 - iv. Security for loss
15. Do you claim in insurance company?
 - i. Yes
 - ii. No

Appendix 2

Questionnaire for the Insurance Company

I would like request you participate in this research titled **CONSUMERS' BEHAVIOR ON NON-LIFE INSURANCE PRODUCT : A STUDY IN POKHARA VALLEY**. This research will be done for the partial fulfillment of the requirement for master's Degree in Business studies (MBS).I'm a student of P.N .Campus Pokhara .The objective of this study is to find out the buying behavior of customers of Non- life Insurance product in pokhara valley . That's why ,I kindly request you to fill up the following questionnaires. Your information will be kept much confidential I'd be grateful if you fill the questionnaire very sincerely.

1. Please write your company Name:
.....
2. What are the main insurance products (Insurance Policy)? Please rank 1 to 6 on the basis of main insurance product.
 - i) Fire
 - ii) Motor
 - iii) Marine
 - iv) Engineering
 - v) Misc
 - vi) Aviation
 - vii) If other please specify.....
3. Do you have any specific policy which other companies do not have (scheme policy)?
 - i) Yes
 - ii) No

If Yes Scheme policy (Please separate of categories and mention of types of risk)

.....
.....

4. Is your company planning to introduce new non-life policy?
 - i) Yes
 - ii) No

If Yes Scheme policy (Please separate of categories and mention of types of risk)

.....
.....

5. Basically who are the main Consumers? please **rank 1st, 2nd, 3rd, 4th, 5th, 6th** on the basis of major customer.

i) Businessman ii) Professionals (Dr./Er./Lawyer)

iii) Industrialist iv) Service Holder Banker

vi. If other Please specify.....

6. What is the academic qualification of most insured? Please **rank 1st, 2nd, 3rd, 4th, 5th, 6th** on the basis of most of insured qualification.

i) Below S.L.C ii) Intermediate

iii) Graduate iv) Post Graduate

v) Other.....

7. Who influences customers' insurance product buying decision? please **rate 1st, 2nd, 3rd and 4th** most important people among the given choices.

i) Consumer himself ii. Bank or financial institution

iii) Consumers' relatives' iv. Consumers' friends

8. What sort of clients have you been facing? Please **rank 1st, 2nd, 3rd, and 4th on the basis of major** customers.

i) High income level ii) Banking Purpose

iii) Good Economic iv) They feeling about security

9. Which Product is most saleable in the market? Please give the **rank 1st, 2nd, 3rd, 4th, 5th & 6th.** at among the given choices.

i) Fire ii) Motor iii) Misc

iv) Engineering v) Marine vi) Aviation

10. What is the level of satisfaction for your customer? Please **rank 1st, 2nd & 3th** on the basis of availability of service.

i) Very Satisfied ii) Satisfied iii) Unsatisfied

11. Are your consumers easily convinced to do insurance?

i) Yes ii) No

If No why.....

12. What do you think about the way to expand the insurance business in the market with satisfying consumer? Please **rank 1st, 2nd & 3rd** on the basis of given options.

i) conduction awareness program

ii) Providing good service to client

iii) Research & development of new market or product

13. At last do you have any comments?

.....
.....

Thanks For Your Kind Cooperation