

EFFECTIVENESS OF LIFE INSURANCE CLAIM SETTLEMENT IN NEPALESE CUSTOMER'S SATISFACTION

A Dissertation submitted to the office of Dean, Faculty of Management in
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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled *“Effectiveness of Life Insurance Claim Settlement in Nepalese Customer's Satisfaction”*. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

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

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REPORT OF RESEARCH COMMITTEE

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ABBREVIATIONS

NLICs	:	Nepalese Life Insurance Companies
TRA	:	Theory of Reasoned Action
GDP	:	Gross Domestic Product
LIC	:	Life Insurance Corporation of India
TCE	:	Total Customer Experience
AB	:	Agent Behavior
CTI	:	Customer Trust and Image
CS	:	Customer Service
PPS	:	Post Purchase Satisfaction
ANOVA	:	Analysis of Variance
df	:	Degree of Freedom
SD	:	Standard Derivation
T	:	T-Statistic
R Square	:	Coefficient of Determination
R	:	Correlation Coefficient
X	:	Number of Observation

ABSTRACT

This study examine post-purchase satisfaction of policyholders utilizing various life insurance policies. The research focuses on three primary determinants of post-purchase satisfaction: Agent Behavior, Company Trust and Image, and Customer Service, with each determinant defined by several sub-items to capture their comprehensive impact. Data was collected via a structured questionnaire designed to explore different aspects of customer satisfaction related to claim settlements. The gathered data underwent a series of statistical tests. Initially, descriptive analysis was used to summarize and was followed by correlation analysis to examine relationships between variables. Finally, regression analysis quantified the impact of independent variables on the dependent variable. Reliability tests confirmed a high level of data consistency.

The result revealed that the correlation matrix reveals positive relationships between the independent variables and post-purchase satisfaction. Agent behavior has a positive correlation with post-purchase satisfaction, indicating that better agent behavior increases post purchase satisfaction of life insurance holders. There is also a moderate positively relationship between company trust & image and post-purchase satisfaction, meaning higher trust and a positive company image enhance satisfaction. Additionally, customer service shows a moderate positive correlation with post-purchase satisfaction, suggesting better customer service leads to higher satisfaction. The results of the analysis of variance test also revealed a significant relationship between the dependent variables and the independent variable.

In conclusion, this study on post-purchase satisfaction in life insurance policies identified several key findings that have important implications for the insurance industry and policyholders. The overall satisfaction after purchasing a life insurance policy is significantly correlated with the company trust and image, agent behavior, and customer service.

Keywords: *Agent Behavior, Customer Service, Company Trust and Image, Post Purchase Satisfaction*

CHAPTER I INTRODUCTION

1.1 Background of Study

Human life is fraught with uncertainties and potential threats, ranging from premature death to property damage and accidents. These vulnerabilities highlight the challenge of averting unforeseen events. However, insurance offers a crucial mechanism to mitigate or eliminate financial risks stemming from unpredictable occurrences. It functions as a financial tool designed to protect individuals against potential losses. Insurance functions by shifting risk from an individual or entity to an insurer in return for a monetary premium. It defines the insurer as the company selling the insurance policy, while the insured, or policyholder, purchases the policy and transfers the risk to the insurer. The primary purpose of insurance, according to is to minimize future uncertainties and financial losses by serving as a risk transfer mechanism.

Rejda (2008) emphasizes that the core of insurance lies in the sharing or pooling of losses, where losses incurred by a few are spread across a larger group. This pooling ensures that the financial burden of an individual's loss is distributed among many, thereby replacing individual risk with collective security. Claim settlement is a pivotal aspect of insurance, particularly in life insurance, where the timely and fair resolution of claims significantly impacts public trust and the profitability of insurance companies. Swift and equitable claim resolution serves as a benchmark for assessing the effectiveness of an insurer. Claim settlement represents the financial compensation provided to policyholders by insurers in the event of a covered loss (Parsons, 2005). Insurance, fundamentally, is an agreement where one party, known as the insured, pays premiums over a defined period to another party, the insurer, who agrees to safeguard against specified risks.

The insured is entitled to receive the agreed-upon amount under the insurance contract, known as the claim. Numerous studies have demonstrated that customer satisfaction (CS) not only enhances customer engagement and loyalty (Heskett et al., 1997; Heskett et al., 1994; Reichheld and Sasser, 1990) but also underscores the significant cost disparity between acquiring new customers and retaining existing ones.

Insurance policies are contractual agreements wherein the insured pays premiums over a defined period to the insurer, who agrees to protect the insured's assets. The critical moment of truth for insurance firms is the settlement of claims, which directly impacts customer perceptions and loyalty. According to Das and Debnath (2012), the handling of claims is a pivotal aspect influencing customer satisfaction and the overall reputation of insurance companies. Efficient and fair claim settlement practices are crucial for sustaining customer trust and ensuring the long-term viability of insurance businesses. Failure to promptly and equitably settle claims not only undermines service quality but also raises questions about an insurer's commitment to protecting policyholders' interests and maintaining business sustainability.

In summary, claim settlement is a pivotal function in the insurance industry, serving as a critical determinant of customer satisfaction, loyalty, and the overall reputation of insurers. Ensuring effective and transparent claim resolution processes is essential for fostering trust and credibility among policyholders and stakeholders alike.

1.2 Statement of Problem & Research Questions

In recent years, the efficiency and fairness of claim settlement procedures in the life insurance sector of Nepal have emerged as critical factors impacting customer satisfaction and loyalty. Timely and transparent resolution of claims is not merely a procedural formality but a cornerstone of the insurer-policyholder relationship. When insurance claims are processed promptly and fairly, policyholders feel valued and reassured of the insurer's commitment to honoring its promises. This positive experience fosters trust and enhances customer satisfaction, thereby increasing the likelihood of retaining existing clients and attracting new ones. Conversely, any delays or disputes in the claims settlement process can have detrimental effects on customer perceptions and satisfaction levels. Customers who encounter prolonged waiting periods or encounter difficulty in obtaining rightful claim settlements often experience frustration and disillusionment. Such negative experiences can lead to a decline in trust towards the insurance company, resulting in reduced customer retention rates. Moreover, dissatisfied policyholders are more inclined to share their grievances with others, potentially damaging the insurer's reputation through negative word-of-mouth.

Basaula (2017) studied the crucial moment of claim settlement, where life insurance companies demonstrate their reliability and transparency to the public. When an insurance company fails to settle claims satisfactorily, it not only impacts customer satisfaction but also discourages policy repurchases. The primary objective is to assess how well life insurance companies handle claim settlements in Nepal. The study employs a descriptive research design, involving 391 respondent agents selected through stratified sampling. Data collection relies on a questionnaire using a five-point Likert scale. The findings indicate that most respondents hold a neutral view of satisfaction with claim settlement. However, they recognize that improving the speed of the claim settlement process could enhance the life insurance business.

Kumar and Singh (2019) examined the experience of policyholder behavior following life insurance purchases. Their goal was to dissect the factors influencing this behavior, specifically focusing on three key areas: satisfaction with the policy, willingness to offer feedback to the insurance company, and the overall level of engagement with the provider. Interestingly, the study went a step further by comparing these experiences between those who obtained policies from public and private insurance companies. By shedding light on these post-purchase dynamics, the research offers valuable insights that can be leveraged by the insurance industry. This knowledge can be instrumental in crafting effective strategies to cultivate and maintain customer satisfaction throughout the lifecycle of the policy, extending beyond the initial purchase.

Dahal et al. (2023) conducted an in-depth study on the factors influencing post-purchase satisfaction with life insurance policies in Nepalese Insurance Companies (NICs). They identified agent behavior, customer service, and company trust and image as the key drivers of client satisfaction after purchasing a policy. Agent behavior, including communication skills, product knowledge, and professionalism, significantly impacts customer perceptions and satisfaction levels. High-quality customer service, characterized by responsiveness, efficient service delivery, and supportive interactions, further enhances the client experience. Additionally, the trust and overall image of the insurance company play a crucial role in fostering client confidence and loyalty. By understanding and optimizing these factors, NICs can improve customer satisfaction, leading to higher rates of policy renewals, increased referrals, and stronger long-term relationships with policyholders.

The impact of agent behavior, company trust and image, and customer service on customer satisfaction is multifaceted. Positive experiences across these dimensions contribute to higher satisfaction levels, potentially fostering customer loyalty and positive word-of-mouth recommendations and deficiencies in any of these areas can lead to dissatisfaction, eroding trust, and damaging the insurer's reputation. The study's findings will provide valuable insights into how these factors interact within the specific context of Nepal's life insurance industry. By uncovering strengths and weaknesses in current practices, the research aims to offer practical recommendations for insurers to improve claim settlement processes and enhance overall customer experience.

The study is designed to investigate the following specific research questions:

1. What is the current status of life insurance claim and customer satisfaction in Nepal?
2. Does there any relationship between agent behavior, company trust and image and customer service on post purchase customer satisfaction?
3. What is the impact of agent behavior, company trust and image, customer service on post purchase customer satisfaction?

1.3 Objectives of the Study

The primary objective of this research is to investigate customer satisfaction with regard to life insurance claim settlement. The major objective of this research study are mentioned below:

- i. To assess the current status of life insurance claim settlement and customer satisfaction in Nepal.
- ii. To examine the relationship between agent behavior, customer service and company trust and image and their collective impact on overall post purchase satisfaction in Nepalese insurance companies.
- iii. To analysis the effect of agent behavior, company trust and image and customer service on post purchase satisfaction of Nepalese customers.

1.4 Rationale of the study

In many life insurance companies, the payment of claims serves not only as a legal obligation but also as a critical public relations tool. In Nepal, there exists a prevalent misconception regarding life insurance, with many believing that insurers do not settle claims easily or fairly, leading to prolonged settlement processes that erode trust among the public. Therefore, this research aims to investigate the actual practices of claim settlement among life insurance companies in Nepal and to address public misconceptions about the claim settlement process.

This study is crucial as it can assist Nepalese insurance regulators in identifying effective strategies for expediting claim settlements and ensuring customer satisfaction, thereby enhancing the overall reputation of life insurance companies. The findings of this research may empower customers to make informed decisions when investing in life insurance policies, potentially increasing policy sales, premium collections, and customer retention rates. Moreover, insights gained from this study could prompt life insurance companies to refine their settlement processes, thereby contributing positively to the country's Gross Domestic Product (GDP).

By shedding light on the reality of claim settlement practices and addressing public misconceptions, this research endeavors to foster transparency, trust, and efficiency within the life insurance sector in Nepal. Ultimately, it aims to support regulatory efforts, improve customer confidence, and bolster the economic contributions of life insurance companies to the national economy.

1.5 Research Hypotheses

A research hypothesis represents a testable prediction about the relationship between variables in a study. It serves as a clear and measurable proposition that researchers investigate through empirical data collection and analysis. It articulates the relationship between variables and guides the research design, data collection, and analysis.

The research hypotheses are expressed as:

H1: There is significantly positive impact of agent behaviour on post purchase satisfaction.

H2: There is significantly positive impact of Company Trust and Image on post purchase satisfaction.

H3: There is significantly positive impact of Customer Service on post purchase satisfaction

1.6 Limitations of the Study

This study acknowledges several limitations that should be considered for a comprehensive interpretation of its findings and generalizability:

- i. The study focuses on only three factors of claim settlement, which may not encompass the entirety of factors influencing overall satisfaction.
- ii. The geographical scope is limited to Rupandehi and Kapilvastu Districts, and findings may vary across different regions.
- iii. The study sample consists of 350 respondents from Rupandehi and Kapilvastu Districts, potentially limiting the generalizability of the results to a broader population.
- iv. Data collected via questionnaires may be subject to perceptual biases, impacting the objectivity of responses.
- v. Time constraints may have restricted the depth and breadth of the research, potentially limiting the exploration of additional factors or variables.

Acknowledging these limitations is crucial for interpreting the study's outcomes accurately and understanding the context within which the findings can be applied or generalized.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Review

Evolution and Historical Perspectives

The evolution of insurance is deeply intertwined with the progress of human civilization, making it challenging to pinpoint its exact origin. However, historical evidence suggests that marine insurance may have been the earliest form of insurance practiced in Babylon, dating back centuries ago. References in the 'Hammurabi' and 'Rig-Veda' indicate the existence of some form of community insurance among Aryans over 3000 years ago.

The roots of marine insurance trace back to North Italy at the end of the 2th century, with the issuance of the first marine policy, known as 'Poliza,' in 300 AD. The establishment of the charter of insurance in the same year marked a significant milestone. The concept then spread to other European countries such as Spain, France, Germany, and Holland, with the development of the modern form of marine insurance by the Lloyds Association in 1774 (Mishra, 2004). Following marine insurance, fire insurance emerged in the 6th century in Germany, gaining momentum after the devastating fire in London in 1666. The destruction of 85% of houses and £ 0 million worth of property spurred the growth of the fire insurance market (Marquis, 2000).

Life insurance, a comparatively recent development, traces its origins to England, where the first life insurance policy was issued to Mr. William Gibbons on June 18, 1583. The Hand-in-Hand Fire & Life Insurance Society established the first registered life insurance office in England in 1696, and mutual life insurance emerged in 1706. Edmund Halley's proposition of the first mortality table in 1693 facilitated the calculation of insurance premiums (Marquis, 2000). In the United States, the inception of insurance dates back to the early 1700s, while life insurance specifically began in 1759. In 1818, India witnessed the establishment of its first life insurance company, the Oriental Life Insurance Company. Around the same time, in 1881, Japan saw the birth of the Meiji Life Insurance Company and Nippon Life Insurance Company in 1889. The development of insurance, both non-life and life insurance, unfolded gradually in various countries worldwide throughout history.

Life Insurance Practice in Nepal

The development of the insurance business in Nepal is considered to be in its early stages, as noted by Pandey in 2007. While there is no written evidence of ancient insurance practices in Nepal, historical cooperative efforts within communities, such as the 'Guthi' system, date back to ancient times. The Guthi involved members pooling funds to assist those facing natural hazards, death, and social events.

In 1968, the Government of Nepal established the Rastrya Bima Sansthan (RBS), a governmental entity involved in both life and non-life insurance operations. The enactment of the Insurance Act in 1968 and the establishment of the Insurance Committee under the Ministry of Finance represented pivotal milestones in the regulation and oversight of Nepal's insurance market. Later, in 1992, the Insurance Board was established as the principal regulatory authority for insurance companies, further strengthening the regulatory framework set forth by the Insurance Act of 1992.

The liberalization policy implemented by the Nepalese government in alignment with Western countries' financial sector movements led to the establishment of numerous insurance companies. By 2024, there were a total of 37 insurance companies in Nepal, with 14 focusing on non-life insurance, 14 on life insurance, 2 reinsurance companies, 3 Micro Life Insurance Companies and 4 Micro Non-Life (General) Insurance Companies has been operating in Nepal.

While non-life insurance has a well-established presence in Nepal, life insurance is a relatively new player in the market. The story begins in 1968 with the founding of Rastrya Beema Sansthan, initially focused solely on non-life insurance products. Recognizing the growing need for life insurance, they expanded their services in 1972 to encompass this critical financial tool. Interestingly, before this expansion, life insurance in Nepal was primarily offered by Indian companies. Fast forward to today, Nepal boasts a vibrant life insurance sector with a total of 14 dedicated companies. Operating under the watchful eye of the Insurance Board, these companies offer a range of life insurance products to cater to the diverse needs of Nepali citizens. This growth signifies a growing awareness of the importance of financial security and long-term planning among the population.

Claim Settlement

Claim settlement is the linchpin of the insurance process, embodying the insurer's commitment to delivering financial relief when policyholders face covered losses. Once a claim is submitted, a meticulous investigation ensues, scrutinizing documentation to validate the claim's legitimacy. The efficacy and transparency of this process are crucial for nurturing trust between insurers and policyholders. As properly expressed by insurance authority David Miller, "Claim settlement is not merely a contractual duty; it's the fulfillment of a pledge to provide financial security, ensuring that the fundamental purpose of insurance – offering a safety net in times of need – is upheld with integrity and empathy." This intricate procedure requires a delicate equilibrium between upholding policy terms and demonstrating compassion for the policyholder's circumstances, underscoring the ethical and humanitarian facets of insurance that go beyond contractual obligations. It is through equitable, swift, and empathetic claim settlements that the insurance industry truly embodies its societal role as a guardian and stabilizer during uncertain times.

Life insurance claim settlement is a poignant juncture where the financial commitment of an insurer transforms into a lifeline for beneficiaries. When a policyholder passes away, their loved ones submit a claim, initiating a process that blends compassion and fiduciary duty. The insurer meticulously reviews documents, ensuring the claim's validity, all while recognizing the emotional weight carried by the beneficiaries.

According to Maya Angelou, life insurance yields threefold benefits. Once with death, twice with living, and thrice with permitting the beneficiaries to grow and contribute in life." Angelou's words encapsulate the profound impact of life insurance beyond financial compensation, emphasizing its role in empowering survivors. Moreover, the acclaimed writer, Susan Orlean, captures the essence of this process, stating, "In the delicate dance between grief and financial stability, life insurance claim settlement emerges as a crucial partner, supporting families as they navigate the challenging terrain of loss and transition." Orlean's insight highlights the intertwining of emotional support and financial provision inherent in the life insurance claim settlement process.

Building upon the foundational work of Barry (2009), who defined insurance claims as encompassing all actions related to compensating the insured for losses, this paper examines the concept through the lens of reciprocity. Barry's (2009) perspective is further substantiated by Williams (2009), who emphasizes the core function of insurance: assuming the liability or risk of the insured in exchange for compensation upon the occurrence of a covered loss.

This analysis highlights the inherent reciprocity within an insurance contract. The insurer assumes the liability of the insured, serving as a safeguard in case of adverse outcomes. In turn, the insured fulfills their obligation by paying premiums. When a covered loss occurs, the insurer fulfills its contractual commitment by providing compensation to the insured. This reciprocal exchange underscores the fundamental principle of insurance: risk-sharing with a guaranteed payout for qualifying losses.

By reframing insurance claims through this lens of reciprocity, a deeper understanding of the relationship between the insurer and the insured is achieved. It emphasizes the mutually beneficial nature of the contract, where both parties fulfill their obligations, ensuring financial security for the insured in the face of unforeseen events.

In his study published in the journal of emerging technologies and innovative research, Harry (2020) investigated the awareness and satisfaction levels of customers concerning life insurance claim settlements in Tamil Nadu, India. His study concluded that insurers must prioritize their role in the claims handling process, as appropriate management of claims significantly enhances consumer retention. Conversely, mishandling claims can severely undermine policyholders' trust in the insurer, posing a substantial threat to the insurer's credibility; a fundamental aspect of their reputation. This finding highlights the critical connection between effective claims management and overall customer satisfaction and trust, which are vital for the long-term success and credibility of insurance companies.

Process for submitting a claim for a life insurance policy.

In Nepal, the procedural framework for life insurance claims is designed to ensure a fair, transparent, and expeditious process. As noted by Basaula (2017), Nepalese life insurance policies must clearly specify the essential documents required to support a claim. Upon receiving a claim, the insurance company must initiate the claim processing promptly and without unnecessary delay. Furthermore, any queries or requests for additional documents must be communicated comprehensively within five days of receiving the claim, thereby promoting efficiency and clarity in the claims settlement process.

The timeline for settling a life insurance claim is clearly specified. Upon receiving all required documents and clarifications, the life insurance company must either pay the claim or dispute it, providing all relevant reasons, within five days. If the circumstances of a claim require an investigation, the insurance company must begin and complete the inquiry promptly, within a maximum of six months from the date the claim was lodged. Additionally, if a claim is ready for payment but cannot be disbursed due to issues with identifying the proper payee, the life insurer is required to retain the amount for the payee's benefit. This amount should accrue interest at rates similar to those of a savings bank account with a scheduled bank. This measure ensures that funds designated for beneficiaries are protected and earn reasonable interest during any delays related to payee identification.

In situations where delays in claim processing are attributable to reasons beyond those covered by regulations, the life insurance company is obligated to compensate for the inconvenience. This compensation is provided by paying interest on the claim amount at a specified rate, highlighting the commitment to fair and timely settlements. Overall, these regulations are designed to create a strong, consumer-friendly framework for life insurance claim settlements in Nepal, ensuring accountability, promptness, and financial security for policyholders and their beneficiaries.

The late 1980s and early 2000s witnessed the establishment of numerous life insurance companies, significantly contributing to the expansion of the insurance sector in Nepal. During the 1940s, Indian insurance companies played a crucial role in meeting Nepal's insurance requirements.

Until the inception of Rastriya Beema Sansthan in 1968, the Nepal Insurance and Transport Company, founded in 1947, stood as the country's only national insurance provider. In 1993, restrictions were imposed on insurer management expenses through specific regulations, establishing limits for marine insurance and other types of insurance. To manage reinsurance for terrorism risk, Insurance Pool Nepal was created in 2003, and later, Nepal Re-Insurance Company Limited succeeded it in 2014. This transition aimed to address damages caused by terrorism, reflecting the growth and changes within the insurance sector.

The research is on an intriguing phenomenon within the Asian insurance landscape. While insurance penetration, a measure of insurance adoption within a population, remains relatively low compared to other continents, the growth rate specifically in non-life insurance has been remarkably impressive. This observation highlights the characteristics of Asia as an emerging market, where the insurance sector is undergoing significant expansion. This growth is driven by a growing recognition of the multifaceted benefits that insurance offers. Researchers have emphasized the crucial role that insurance plays in fostering economic development. It acts as a mechanism for risk transfer, mitigating the financial burden associated with unforeseen events for individuals and businesses alike.

Despite the positive trends, this observation underscores the potential for further growth in insurance penetration across Asia. By understanding the factors that contribute to low insurance uptake and developing targeted strategies to address them, the insurance industry can unlock the vast potential within this dynamic region. This research, focusing on the specificities of the Asian market, can play a crucial role in shaping the future of insurance and its contribution to economic prosperity across the continent.

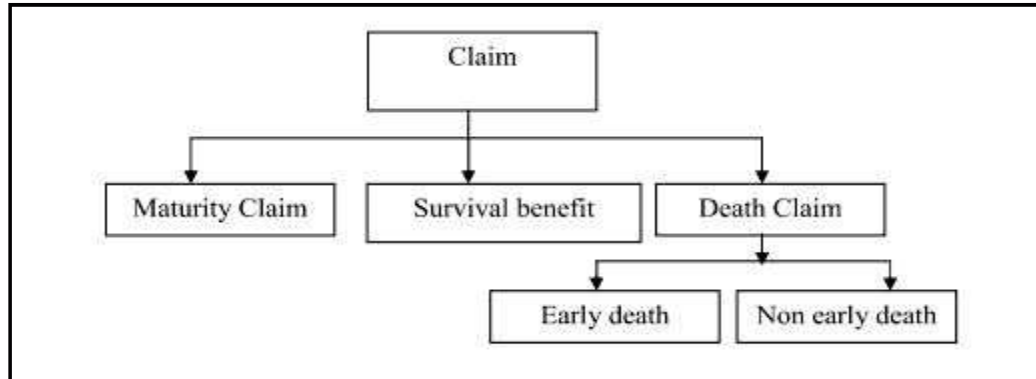
Different Approaches to Claim Settlement

Life insurance claims encompass several distinct categories in this research: maturity claims, survival benefits, and death claims. Within death claims, further distinctions are made between early death claims and non-early death claims.

These categories are visually represented in the following graphical depiction:

Figure 1

Approaches to Claim Settlement



Source : Basaula (2017).

Life insurance policies offer financial security for beneficiaries in the event of the insured's death. However, the policy also provides benefits to the policyholder themselves upon reaching the end of the term or at specified milestones during the term. This analysis delves into the three primary categories of claims associated with life insurance policies: maturity claims, survival benefits, and death claims.

i. Maturity Claim

The maturity claim represents the culmination of a life insurance policy. It signifies the final financial payout disbursed by the insurer to the policyholder upon the successful completion of the pre-defined policy term as outlined in the contract. This payout is contingent upon a critical factor: the insured's survival throughout the entire policy period. If the insured remains alive until the maturity date, the insurer is legally obligated to disburse the sum assured. This guaranteed amount is a core component of the policy and is explicitly stated in the contract. Additionally, some policies may offer participation in profit-sharing plans, leading to the accumulation of accrued bonuses over time. These bonuses, if applicable, are also included in the final settlement amount received by the policyholder at maturity. The claim settlement process for maturity claims is generally streamlined. This documentation typically verifies the policyholder's identity, confirms the policy's status, and ensures all premiums are paid up to date.

ii. Survival Benefit

Survival benefits provide an alternative payout structure compared to the lump sum received at maturity. These benefits are not universally offered and are exclusive to certain policy types, most commonly endowment or money-back policies. In such policies, the insurer agrees to distribute pre-determined payouts to the policyholder at designated intervals throughout the policy term. These installments typically occur after the completion of specific, fixed terms, often ranging from 4 to 5 years. The key distinction between survival benefits and maturity claims lies in the timing of the payouts. While maturity claims represent a single, final disbursement at the policy's end, survival benefits offer the policyholder access to a portion of the insured value throughout the term, providing a degree of financial liquidity during the policy's life. The claim settlement process for survival benefits is usually uncomplicated, mirroring the straightforward nature of maturity claims.

iii. Death Claim

Life insurance serves its primary purpose when the unfortunate event of the policyholder's death occurs before the policy's maturity. In such a scenario, a death claim arises. This claim is not paid to the deceased policyholder but rather to the designated beneficiary or assignee named in the policy. There are two main categories of death claims, each with its own specific considerations:

a) Early Death Claim

If the policyholder passes away within the first two years of initiating or reviving the policy, it is termed an early death claim. This timeframe is significant because insurance companies may conduct a more thorough investigation during the settlement of early death claims to rule out any potential misrepresentation on the application or suspicious circumstances surrounding the death. Claimants (typically the beneficiaries) are required to adhere to specified rules and submit necessary documents for the claim amount to be processed. These documents may include medical records, police reports, and proof of the beneficiary's identity.

b) Non-Early Death Claim

Deaths occurring after the initial two years from the policy commencement or revival are classified as non-early death claims. This distinction is crucial because the policy matures after this two-year period, and the insurance company generally conducts a less extensive investigation for claim settlement compared to early death claims. However, claimants must still follow the prescribed rules and submit the requisite documents as per the instructions provided by the insurance company to receive the claim amount. These documents typically involve verifying the beneficiary's identity and confirming the policy's status.

2.2 Empirical Review

Mascarenhas et al. (2006) investigated the concept of total customer experience (TCE) and its impact on fostering lasting customer loyalty. Their proposed model positions TCE as a key driver of loyalty. This total experience encompasses customer satisfaction, the level of loyalty itself, and the overall quality of the customer journey. The study suggests that a positive TCE fosters lasting customer loyalty, a crucial element for sustained business success. However, the researchers acknowledge that customer satisfaction, while important, is not the sole contributor to loyalty. Other factors come into play, such as the caliber of customer service received, the perceived value of the insurance policy itself, and the overall reputation of the insurance company.

Omar (2007) investigated consumer attitudes towards life insurance in Nigeria, employing a structured questionnaire grounded in the theory of reasoned action construct. The study, comprised of 240 respondents, identified a significant hurdle to industry growth: a lack of trust and confidence in insurance companies. This skepticism stemmed primarily from two factors; Slow or Non-existent Claims Settlements: The perceived unreliability of insurers in honoring claims emerged as a major deterrent to potential policyholders. This suggests a need for the industry to prioritize efficient and transparent claims settlement processes to rebuild consumer trust. And another is Limited Knowledge about Life Insurance Products: A lack of understanding regarding the benefits and functionalities of life insurance products further hampered consumer confidence.

This highlights the importance of financial literacy initiatives and educational campaigns to empower Nigerians to make informed decisions about life insurance. The study underscores a critical point: even substantial increases in insurance company capital may be insufficient to stimulate industry growth if consumer attitudes remain negative. Therefore, fostering trust and addressing knowledge gaps regarding life insurance products are paramount for the future success of the Nigerian life insurance industry.

In conclusion, the study proposes that insurance companies can bolster customer loyalty by delivering a comprehensive customer experience that encompasses efficient and equitable claim settlement processes.

Yusuf et al. (2009) conducted an empirical study in Nigeria to explore public attitudes towards insurance services. Their investigation, encompassing 392 participants (both insured and non-insured), aimed to gauge awareness levels and general sentiments regarding insurance companies and their operations. The research yielded insights into the influence of demographic factors on insurance perceptions. Notably, the study identified a correlation between negative attitudes and low patronage of insurance services in Nigeria. Further analysis delved into the social and cultural factors contributing to this skepticism, exploring the potential of strategic marketing to shift these negative tides.

These findings resonate with broader concerns identified within the Nigerian insurance landscape. The need to cultivate trust and confidence in insurance companies remains paramount. Furthermore, streamlining claim settlement processes to enhance speed and efficiency is crucial. Efforts to increase public awareness and understanding of life insurance products are also essential. Finally, the research underscores the importance for insurance companies to acknowledge and address the diverse demographic factors that shape consumer attitudes towards their services.

By implementing these measures, the Nigerian insurance industry can pave the way for a future characterized by increased public trust, participation, and ultimately, a more robust and sustainable insurance sector.

Siddiqui and Sharma (2010) developed a new tool to measure customer satisfaction in the life insurance industry. Their framework identifies six key dimensions of service quality: assurance, personalized financial planning, competence, corporate image, physical aspects (tangibles), and technology. Using structural equation modeling, they explored how these factors influence customer satisfaction, which included satisfaction with agents, services, the company itself, and overall experience.

The study highlighted the growing importance of customer service in the life insurance industry. The proposed framework equips life insurance companies to improve customer satisfaction by delivering high-quality service. The research also acknowledges the evolving challenges faced by the industry, such as technological advancements, economic uncertainty, fierce competition, and rising customer expectations. To stay ahead of the curve, life insurance companies must adapt their strategies to cultivate a loyal customer base that can withstand competitive pressures.

Ofori-Attah (2012) examined the impact of delayed claim settlements on insurance sales and marketing, particularly in life insurance. The study aimed to understand how claim settlement strategies affect customer perception and ultimately, sales. It recognized the importance of timely settlements in maintaining a robust life insurance system, especially considering the potential vulnerability of policyholders in both urban and rural areas.

The study used a mix of surveys, interviews, and observations to compare claim settlement processes at two life insurance companies in India's growing market. It found that efficient claims handling is key to both paying beneficiaries on time and building trust with customers, which is vital for long-term success in a competitive market.

Yadav and Mohania (2015) conducted a comparative analysis of claim settlement processes used by LIC of India and ICICI Prudential Life Insurance Company. Their research stemmed from the growing importance of efficient claim handling in India's booming life insurance market.

As the number of policies issued by both companies increases, so do the claims filed. The study emphasizes the need for streamlined and transparent claim settlement processes. This is crucial for two reasons: first, it ensures timely payouts to

beneficiaries, fulfilling the core purpose of life insurance. Second, efficient claim handling builds trust and confidence among policyholders, which is vital for sustained growth in a competitive market.

Based on secondary data sourced from IRDA and various scholarly journals, the study concluded that both LIC of India and ICICI Prudential Life Insurance Company maintain rigorous standards in their claim settlement procedures. It highlighted distinct differences, noting that while LIC of India demonstrates high efficiency in claims settlement, it lacks the transparency and accessibility seen in ICICI Prudential Life Insurance Company's process. The latter, renowned for its customer-focused approach, establishes benchmarks in the private life insurance sector through its claim settlement practices.

In summary, this study provides a comparative analysis of the claim settlement practices of LIC of India and ICICI Prudential Life Insurance Company, emphasizing the critical importance of maintaining a straightforward, transparent, and comprehensible claim settlement process in the dynamic realm of life insurance services.

Existing studies offer valuable insights but don't directly address the research focus of this study. For instance, Ghimire (2015) evaluation critically examined the performance of private life insurance companies in Nepal, highlighting challenges related to low life insurance penetration, density, and overall inclusion.. These studies provide valuable context for the Nepalese life insurance landscape, but they don't delve into the specific intricacies of customer satisfaction during the claim settlement process.

Basaula, (2017) explored the detailed framework of claim settlement procedures adopted by life insurance companies in Nepal. This comprehensive study aimed to analyze the profound contribution of institutional mechanisms in shaping effective claim settlement strategies, fostering the maintenance and enhancement of life insurance practices.

The overarching objective was to unravel the knowledge, attitudes, and operational practices surrounding claim settlement strategies, all viewed through the lens of sustainable management to promote life insurance. The problem statement framed for

this study sought to identify the current status, impacts, problems, and potential corrective measures pertaining to claim settlement strategies, focusing on sustainable practices. It underscored the critical nature of claim settlement in maintaining a quality life insurance mechanism, particularly in environments where people's lives are at risk, encompassing both rural and urban regions.

The researcher adopted a comprehensive research design, combining quantitative and qualitative approaches with a descriptive cross-sectional and ethnographic premise, grounded in ontological, epistemological, and methodological assumptions. To gather insights, the researcher engaged in interviews, focus group discussions, and field observations with the research participants, employing a stratified random sampling technique and structured instruments for data collection. The amassed data underwent analysis using both descriptive and inferential statistical methods.

In conclusion, the study transcends a mere examination of claim settlement practices in Nepalese life insurance companies. It sheds light on the critical role of adopting sustainable claim settlement strategies. By prioritizing such an approach, the Nepalese life insurance industry can cultivate an environment conducive to long-term growth and the successful promotion of life insurance products. This focus on sustainability fosters trust among policyholders, strengthens the industry's reputation, and ultimately lays the foundation for its continued prosperity.

Kumar and Singh (2019) conducted an empirical study to investigate the post-purchase experiences of life insurance policyholders. Their primary objective was to identify key factors influencing these experiences. Additionally, the study compared the experiences of policyholders with public and private insurance companies. The research employed a sample of 396 respondents (policyholders) from both sectors, using unspecified techniques for data collection and analysis (though it mentions factor analysis). Notably, the study identified differences in post-purchase experiences between public and private insurers.

The authors emphasize the significance of post-purchase experience for life insurance providers. Satisfied customers are more likely to renew their policies, whereas negative experiences can lead to negative word-of-mouth publicity and brand damage.

In essence, post-purchase experience reflects customer satisfaction, informs future feedback, and acts as an indicator of the effectiveness of marketing strategies. The insights gleaned from Kumar and Singh's (2019) study offer valuable data for life insurance companies to enhance their performance and cultivate customer satisfaction.

In their study, Sarmad et al. (2020) investigated how customer satisfaction and customer attitude impact investment decisions in insurance companies. For data analysis, the researchers utilized the SPSS 2.0 version, employing descriptive and percentage techniques to analyze the collected data. Chi-square and cross-tabulation analyses were applied to evaluate relationships and effects based on the study's hypotheses.

The survey-based data collection involved distributing 300 questionnaires in the Burewala area, with 203 questionnaires returned. The study acknowledged limitations associated with the analysis area. The study's conclusion emphasized the necessity for further research to comprehend the intricate connections between these factors and their reciprocal impact. It underscored the significance of investigating the effect of customer satisfaction on the insurance sector and recommended policymakers develop strategies for individuals with lower income levels.

Another research, Mendez (2020) highlighted the growing significance of customer satisfaction management in the insurance sector. The research, based on a comprehensive review of 6 academic papers and industry publications, pinpointed digital applications that could enhance customer satisfaction at four major touch points: contract conclusion, modifications, damage events, and subsequent interactions. Together, these studies offer valuable insights into the complex interplay of customer satisfaction and attitude within the insurance sector, emphasizing the need for tailored strategies to meet diverse customer needs.

Dahal et al.,(2023) investigated specifically delved into the satisfaction levels of individuals with their life insurance policies within Nepalese Insurance Companies (NICs). The primary objective of the researchers was to pinpoint the determinants influencing the post-purchase satisfaction of life insurance policyholders with NICs.

The study systematically evaluated the correlations between agent behavior, customer service quality, company trust and image, and the overall satisfaction reported by policyholders following their interactions with NICs. For data collection, the researchers adopted convenience sampling techniques, gathering insights from residents of the Kathmandu Valley about their experiences post-purchasing life insurance policies. Drawing from a survey involving 400 respondents, the study's outcomes underscored the positive impact of agent behavior, customer service excellence, and the trustworthiness and image of the insurance company on post-purchase satisfaction.

The study identified two primary factors influencing customer satisfaction in the context of life insurance in Nepal. Firstly, policyholders see agents as essential guides throughout their insurance journey, highlighting the importance of ongoing agent interaction. Secondly, the study linked high customer service satisfaction to a deep understanding of individual needs and expectations. This suggests insurers should offer tailored products and services, not a one-size-fits-all approach. In short, the study emphasizes that focusing on what truly matters to customers – personalized service and relevant insurance options – is key to success in the Nepalese life insurance market.

In summary, this study holds substantial implications for effectively managing policyholders' expectations and ensuring that products and services align with the discerning requirements of the target market.

2.3 Research Gap

A review of current research on customer satisfaction and claim settlement in life insurance reveals a critical gap. While customer satisfaction is a growing area of study, there is a lack of research that specifically explores the complex factors influencing customer satisfaction during the claim settlement process for life insurance policies in Nepal.

Basaula (2017) study on claim settlement practices underscored the need for more comprehensive research, suggesting the inclusion of additional variables and an expanded geographic scope. It's worth noting that the existing body of research in this

domain primarily focuses on developed countries in Europe and other regions, leaving a significant research gap in the context of Nepal.

This research seeks to fill these voids by investigating the applicability of widely accepted propositions, predominantly derived from developed countries, within the distinctive framework of a developing nation like Nepal. Introducing novel variables such as Agent Behavior, Customer Service, and Company Trust and Image, tailored to the specific nuances of the Nepalese market, the study aims to provide a holistic understanding.

Excluding variables like staff engagement and outsourcing, deemed impractical or less relevant in the Nepalese market, reflects a nuanced approach to adapt the study to the local context. The anticipated impact of this research extends beyond academic realms. It aspires to inform the regulatory body overseeing insurance in Nepal, offering actionable insights into optimal claim settlement practices that prioritize customer satisfaction, thereby elevating the overall reputation of life insurance companies.

Policymakers stand to benefit as well, as the findings could guide the formulation of effective strategies and policies related to claim settlement procedures and the broader administration of life insurance companies in Nepal. The research, thus, holds profound significance within the unique socio-economic and regulatory landscape of Nepal, presenting itself as a pivotal contribution with the potential to shape future studies and industry practices.

Pandey et al. (2024) investigated the factors influencing customer satisfaction within Rastriya Beema Sansthan, a prominent insurance company in Nepal. They examined various factors including premium rates, communication effectiveness, claim settlement efficiency, service recovery mechanisms, and overall service quality. Interestingly, their findings indicated that while service quality did not show a significant impact on customer satisfaction, the other variables tested in the study demonstrated noteworthy effects on customer perceptions and satisfaction levels.

CHAPTER-III

RESEARCH METHODOLOGY

The research methodology delineates the comprehensive blueprint for the study, offering essential guidance for its execution. Serving as the foundational structure of the investigation, this chapter meticulously details the methodology employed in the dissertation. Specifically, it encompasses the research design, sample size, instrumentation, data collection methods, types of data analysis, ethical considerations, and the techniques utilized throughout the research. The methodology outlined herein has been rigorously applied to ensure the integrity and validity of the study.

3.1 Research Design

This research investigates the specific factors influencing post-purchase satisfaction among life insurance policyholders in Nepal, with a particular focus on their experience with the claim settlement process. It employs a unique blend of descriptive and quantitative methods to not only identify the relationships between variables but also explore any potential cause-and-effect dynamics at play. Statistical analysis is then utilized to draw robust conclusions from the data.

The study examined the post-claim satisfaction as the key outcome (dependent variable). The factors influencing this satisfaction (independent variables) include the behavior of insurance agents, the customer service, and the overall trust and image of the insurance company. To gain in-depth insights specifically related to claim settlement, data collection is conducted through structured questionnaires distributed exclusively to clients who have recently filed claims.

Furthermore, the research design prioritizes particular data collection and analysis through a quantitative approach. This allows for objective measurement of customer satisfaction levels and the generation of statistically significant findings. Ultimately, this research aims to achieve a deep understanding of the factors influencing post-claim satisfaction in the Nepalese life insurance industry, paving the way for evidence-based recommendations to improve claim settlement processes and enhance customer experience.

3.2 Population and Sample of Data

The sample size plays a pivotal role in empirical research, especially when aiming to generalize population characteristics from a representative sample. In this study, the sample size was determined by considering both the convenience of accessing claimants and the necessity of achieving sufficient statistical power.

A total of 500 questionnaires were distributed to life insurance claimants residing in the Rupandehi and Kapilvastu districts of Lumbini Province, which were considered as Population of the study. Out of these, 430 questionnaires were collected and 350 were in usable form for data analysis. Therefore, results of respondent rate is 70%.

Sampling Technique

The study adopts a quantitative research approach, employing non-probability sampling methods. Non-probability sampling methods are utilized when researchers exercise judgment in selecting samples rather than employing randomization, particularly in situations where the total population size remains undefined. Specifically, purposive sampling was employed to gather 350 responses through a structured questionnaire. Purposive sampling is a technique where the researcher relies on their judgment to select participants who possess specific characteristics relevant to the study. This method is often adopted when there is a need to focus on particular subsets of the population that are most informative for the research objectives. In this study, purposive sampling was considered appropriate to ensure the inclusion of claimants with experiences relevant to evaluating customer satisfaction with claim settlements in life insurance companies.

3.3 Nature and Source of Data

The research procedure adopted a quantitative methodology, utilizing primary sources of data. Data collection was conducted through a survey method employing a self-administered questionnaire. The researcher personally distributed the questionnaires to individual claim clients in the field to gather responses directly. Additionally, some questionnaires were disseminated online to reach a broader audience. This dual approach ensured comprehensive data collection, combining face-to-face interactions for immediate feedback and online distribution for convenience and wider coverage.

The primary data obtained through this method provides a solid foundation for analyzing the satisfaction levels of life insurance claimants regarding the claim settlement process.

Instrument of Data Collection

The questionnaire utilized in this study was structured into two main sections, labeled Part A and Part B. Part A, under Section I, encompassed questions pertaining to the general demographic information of the respondents, including gender, age, education, occupation, and monthly income. Part B, under Section II, comprised questions related to various aspects of claim settlement, such as agent behavior, company trust and image, customer service, and post-purchase satisfaction.

The development of the questionnaire was guided by the methodologies established by Dahal, R. K., Ghimire, B., and Joshi, S. P. (2023). Additionally, the variables included in the questionnaire were adapted from multiple sources, notably Kumar, V. and Singh, N. (2020). The questionnaire on claim settlement consisted of 20 items, categorized as follows: items 1-5 measured Agent Behavior, items 6-10 assessed Company Trust and Image, items 11-15 evaluated Customer Service, and items 16-20 gauged Post-Purchase Satisfaction. Each item was rated using a Likert scale, with response options ranging from 1 (strongly disagree) to 5 (strongly agree). This scale was employed to capture the degree of agreement or disagreement of the respondents with the statements provided, thereby enabling a nuanced analysis of their satisfaction with various aspects of the claim settlement process.

3.4 Method of Analysis

The collected data were meticulously entered, organized, and summarized using Microsoft Excel software. Subsequently, coding and analysis were conducted using the Statistical Package for the Social Sciences (SPSS). Data from the primary sources were summarized and presented in the form of tables and charts, employing various statistical tests and tools. The analytical procedures included:

- i. Descriptive Analysis
- ii. Correlation Analysis
- iii. Regression Analysis

These tests facilitated a comprehensive examination of the data, allowing for an in-depth understanding of the relationships between variables and the overall patterns within the dataset.

3.4.1 Descriptive Analysis

Descriptive statistics were employed to elucidate the fundamental characteristics of the data collected in this study. Descriptive analytical tools, including mean, standard deviation, frequency, and percentage, were utilized to portray the demographic profiles of the respondents and their perceptions of customer satisfaction. These statistical measures provided a comprehensive summary of the data, highlighting central tendencies and variability within the dataset.

The analyzed data were systematically presented using frequency tables and percentage distributions. This approach facilitated a clear and concise interpretation of the demographic information and the levels of customer satisfaction reported by the respondents. By employing these descriptive statistical methods, the study effectively conveyed the essential attributes of the data, enabling a thorough understanding of the underlying patterns and trends.

3.4.2 Correlation Analysis

In this research, Pearson's correlation coefficient was utilized to examine the relationships between two or more research variables. Pearson's correlation coefficient is a statistical measure that quantifies the strength and direction of the linear relationship between variables. The correlation coefficient can take on values between -1.0 and 1.0.

- i). A correlation coefficient of 1.0 indicates a perfect positive correlation, where both variables increase together in a perfectly linear relationship.
- ii). A correlation coefficient of -1.0 signifies a perfect negative correlation, where one variable increases as the other decreases in a perfectly linear relationship.
- iii). A correlation coefficient of 0 implies no linear relationship between the variables, indicating that changes in one variable do not predict changes in the other.

This measure is crucial for determining the degree to which variables are related, allowing for the identification of patterns and potential causal relationships within the data. By applying Pearson's correlation coefficient, the study aims to uncover significant associations between the various factors influencing customer satisfaction with life insurance claim settlements.

3.4.3 Regression Analysis

Multiple regression analysis is a statistical method used to explore the relationship between a single dependent variable and several independent variables. Researchers employ this technique to understand how changes in the independent variables collectively impact the variation in the dependent variable. By assessing the simultaneous effects of multiple factors, multiple regression helps uncover patterns and associations within the data.

Study Model:

Post-Purchase Satisfaction (PS): $\alpha + \beta_1 AB + \beta_2 CSs + \beta_3 CTI + e$

Where,

α = Constant

The symbols β_1 , β_2 , and β_3 denote the coefficients of the independent variables.

AB = Agent Behavior

CSs = Customer Satisfaction

CTI = Company Trust and Image

e = Residual Value

3.5 Reliability and Validity of Data

Validity Test

This research prioritized strengthening its validity through extensive and participatory data collection methods. This study aimed to achieve several key validity aspects. Construct validity, ensuring the measurement of the intended concepts, was addressed by assuming a degree of homogeneity within the life insurance policyholder group. This assumption relied on the shared experience of belonging to the same community.

To further solidify both construct and internal validity (accuracy within the study), the research implemented a crucial strategy: standardized data collection. This meant using the same instruments (questionnaires), personnel for administration, and procedures for all participant groups. This standardization minimizes the influence of extraneous variables, such as variations in question wording or interviewer bias. By controlling these factors, the study strengthens the argument that the model's results reflect the intended construct (insurance policyholder behavior) and accurately capture the data within the research context. Moreover, the study utilized a pilot test, a critical procedure for improving the validity of the findings. This pretesting phase allowed for the evaluation of the questionnaire's accuracy, consistency, and clarity. Based on the pilot test results, the instrument could be revised to ensure it effectively captured the desired information about the policyholders.

Nevertheless, certain aspects of the data collection procedure require additional examination. The sample size of 350 respondents might be considered modest depending on the specific research field and desired level of statistical power. While a larger sample size would strengthen the generalizability of the findings (external validity), the participatory nature of the design might have played a role in determining the achievable sample size. Additionally, the researcher's involvement in distributing questionnaires and collecting some responses via mail merits consideration. While self-administration can be a valid approach, it's crucial to acknowledge potential biases that may arise. To mitigate these biases, the text should elaborate on the steps taken to ensure participant anonymity and the clarity of instructions provided regarding the survey's purpose and confidentiality.

Overall, the research demonstrates a commendable commitment to validity. The use of standardized data collection methods and a pilot test strengthens the study's construct validity. However, a larger sample size and a more detailed explanation of researcher involvement in data collection could further enhance external validity and address potential biases.

Reliability

Reliability refers to the stability and consistency in measuring a concept. When the association in reliability analysis is high, the scale produces consistent results, rendering it reliable. The Cronbach alpha coefficient serves as a common test for internal reliability. It computes the average of all possible split-half reliability coefficients. The computed alpha coefficient varies between 0 (indicating no internal reliability) and 1 (representing perfect internal reliability). A low alpha value may result from a limited number of questions, poor interrelatedness among items, or heterogeneous constructs. Conversely, an excessively high alpha suggests redundancy among items that essentially assess the same underlying question. For robust research, an acceptable alpha value typically falls within the range of 0.70 to 0.90 (Tavakol & Dennick, 2011).

3.6 Ethical considerations

Ethics encompass the norms and standards guiding moral decisions and interpersonal conduct. In research, the primary aim is to prevent harm and adverse consequences to participants. Diener and Crandall (1978) delineated ethical principles into four key areas:

- i. Ensuring there is no harm to participants.
- ii. Ensuring informed consent is obtained.
- iii. Preventing invasion of privacy.
- iv. Avoiding deception.

Throughout this study, ethical treatment of participants was rigorously upheld. At the outset of data collection, participants were briefed on the anticipated benefits of the research, ensuring a balanced presentation without exaggeration or understatement. The study's objectives were revealed to participants only after they were briefed on the purpose of the research. Participants were assured that their rights and well-being would be safeguarded, and their information would be kept confidential and used solely for educational purposes.

Informed consent was obtained from each participant before the survey commenced, emphasizing their right to anonymity, confidentiality, and withdrawal from the study without any obligation to provide a reason. Respondents were assured that their responses would remain confidential and used exclusively for academic purposes. The researcher endeavored to establish and maintain a supportive and cooperative environment throughout the research process.

3.7 Theoretical Framework and Research Variables

This study examines how three factors; Agent Behavior, Customer Service, and Company Trust: influence Post Purchase Customer Satisfaction in life insurance of Nepalese Life Insurance Companies. Satisfied customers are more likely to stay with the company, recommend it to others, and ultimately drive business growth.

The independent variables are critical elements that play a significant role in shaping customer satisfaction. Agent Behavior refers to the conduct and professionalism of the insurance agents, who are the primary contact point between the customers and the insurance company. The agents' behavior can greatly influence a customer's experience and satisfaction, as they provide information, advice, and assistance to the customers. This study investigates the impact of three factors; agent behavior, customer service, and company trust on customer satisfaction in the Nepalese life insurance industry. Satisfied customers are inclined to remain loyal to the company, advocate for it, and contribute to its overall business expansion. Company Trust and Image pertains to the reputation and credibility of the insurance company in the eyes of the customers. Company trust and image are influenced by factors such as the company's history, performance, social responsibility, and media coverage.

Customer satisfaction is paramount in the life insurance industry, and this research investigates the causal factors influencing it. The study focuses on three key independent variables: Agent Behaviors (AB), Customer Service (CS), and Company Trust and Image (CTI). Furthermore, it investigates into the crucial aspect of claim settlement, a defining moment in the customer-insurer relationship. The research examines the efficiency and user-friendliness of the claim filing process, alongside the timeliness and fairness of claim payouts.

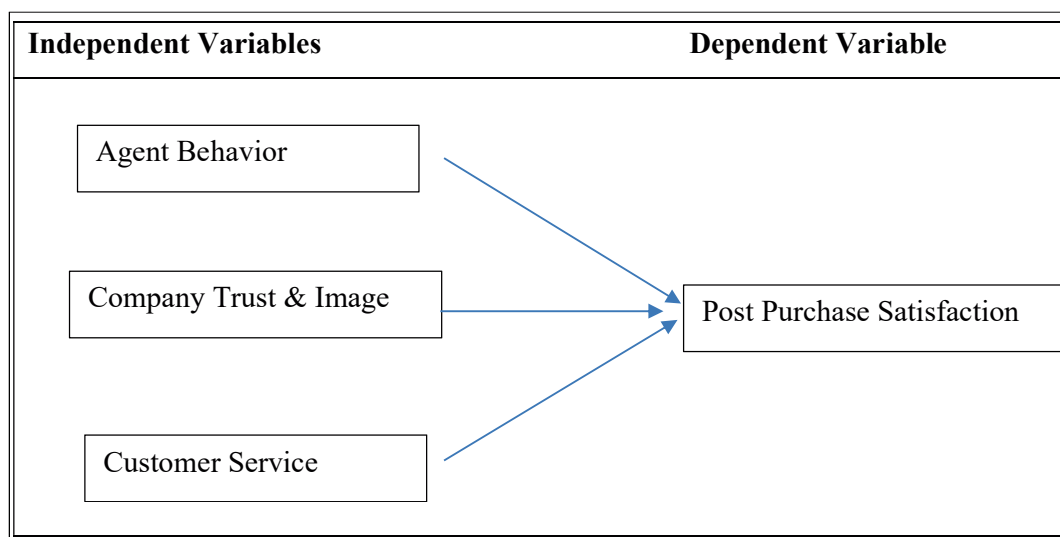
By understanding how these variables, including the intricacies of claim settlement, influence customer satisfaction, life insurance companies can identify areas for improvement and develop strategies to enhance the customer experience, ultimately fostering loyalty and a competitive edge. Hypothesis 2 suggests that Company Trust and Image have a notably positive effect on post-purchase satisfaction.

A gap analysis of existing research on insurance claim settlement and customer satisfaction, particularly in Nepal and India, has guided the development of this research framework. The framework, presented in the following figure, proposes that three independent variables - Agent Behaviors (AB), Customer Service (CS), and Company Trust and Image (CTI) - significantly influence customer satisfaction.

Furthermore, the framework suggests that the relationship between these variables and satisfaction is mediated by the two key aspects of claim settlement. By investigating this mediating effect, the research aims to provide a deeper understanding of how AB, CS, and CTI shape customer satisfaction in the life insurance industry, particularly within the Nepalese and Indian contexts. This framework serves as a springboard for further research and hypothesis development in this under-explored area.

Figure 2

Standardized Hypothesized Paths of the Study Model



Source : Dahal et al., (2023)

The study underwent statistical testing with the evaluation of the following alternative hypotheses:

H1: There is significantly positive impact of agent behaviour on post purchase satisfaction.

H2: That Company Trust and Image have a notably positive effect on post-purchase satisfaction.

H3: Customer service has a significantly positive effect on post-purchase satisfaction.

In essence, the statistical analysis aimed to assess the significance of these factors in influencing Customer satisfaction among insurance policyholders in Nepal.

3.8 Definition of Variables

i. Agent Behavior (AB)

Agent behavior is one of the factors that can affect customer satisfaction in life insurance policies. Agent behavior refers to the conduct and professionalism of the insurance agents, who are the primary contact point between the customers and the insurance company. The agents' behavior can greatly influence a customer's experience and satisfaction, as they provide information, advice, and assistance to the customers.

Some of the dimensions of agent behavior that can be measured are agent's knowledge, agent's communication skills, agent's responsiveness, and agent's courtesy. Customers who perceive their agents as more knowledgeable, communicative, responsive, and courteous are more likely to be satisfied with their life insurance policies. Agent behavior can also vary depending on the sector of the insurance company, such as public or private.

ii. Customer Service (CS)

In the insurance sector, customer service is critical, involving elements like promptness, dependability, and compassionate understanding. It reflects how effectively an insurance company meets customer needs, handles inquiries, and addresses complaints. In a research study, a five-point Likert scale was employed to evaluate customer service across four dimensions: policy information, policy renewal, claim settlement, and grievance resolution.

The findings revealed a positive and statistically significant correlation between customer service quality and overall customer satisfaction. Specifically, customers who perceived their insurer as informative, reliable, efficient, and empathetic were more likely to express satisfaction with their life insurance policies. For further insights, refer to the original research paper.

Customer service is one of the factors that can affect customer satisfaction, which is the degree to which customers are happy with a product or service. Effective customer service can influence customer retention, word-of-mouth referrals, and financial performance metrics. Therefore, customer service is an important independent variable for customer satisfaction.

iii. Company Trust and Image (CTI)

Company Image and Trust is one of the independent variables that can affect customer satisfaction in life insurance policies. Company Image and Trust refers to the reputation and credibility of the insurance company in the eyes of the customers. Company Image and Trust are influenced by factors such as the company's history, performance, social responsibility, and media coverage.

Customers who perceive their insurance company as more trustworthy and reputable are more likely to be satisfied with their life insurance policies. Company Image and Trust can also vary depending on the sector of the insurance company, such as public or private.

iv. Post Purchase Satisfaction (PPS)

Scholars have approached the multifaceted concept of customer satisfaction from two main dimensions: as an outcome and as a dynamic process. In earlier definitions, the prevailing view emphasized satisfaction as an ongoing experience rather than a fixed state. Researchers like Oliver (1980) and Parasuraman et al. (1988) championed this perspective, highlighting that customer satisfaction evolves over time. From this process-oriented standpoint, customer satisfaction is perceived as a nuanced feeling that emerges through a dynamic evaluation process. This process involves comparing the perceived performance of a product or service with one or more predictive standards, which can include customer expectations or desires (Khalifa & Liu, 2002).

In essence, satisfaction is not merely a static outcome but a continuous interplay between the customer's perceptions, expectations, and the actual performance of the product or service.

By emphasizing the dynamic nature of customer satisfaction, this process perspective acknowledges that customer sentiments are subject to change as individuals interact with products or services over time. This nuanced understanding encourages businesses to engage in ongoing efforts to align their offerings with customer expectations, fostering a more holistic and sustained satisfaction experience.

CHAPTER IV

RESULTS AND DISCUSSION

Based on the data processing outlined in above Chapters, this chapter conducts a detailed analysis of information collected from 350 claimants across two life insurance companies. It consists of two main parts: firstly, using descriptive statistics to depict respondent demographics, and secondly, employing various statistical methods such as factor analysis, correlation analysis, and regression analysis to assess research variables and test hypotheses. This comprehensive approach aims to thoroughly explore key findings and understand the factors influencing customer experiences during the claim settlement process at the two insurance companies under investigation.

4.1 Demographic Profile of the Respondents

This section delves into the descriptive analysis of data collected from 350 claim clients of Nepalese life insurance companies. Descriptive statistics serve as a foundational tool, summarizing the key characteristics of the data and providing a clear picture of the sample population. This analysis focuses on the demographic profile of the respondents, utilizing measures such as gender, age group, education level, occupation, and monthly income. Furthermore, descriptive statistics are employed to present the data related to the factors influencing customer satisfaction among the claim clients. This initial descriptive analysis lays the groundwork for further exploration using more complex statistical techniques. Subsequent analyses, such as correlation and regression, will build upon these foundational summaries to identify relationships between variables and test the research hypotheses.

Table 1

Demographic profile based on gender

	Frequency	Percent
Male	203	58.0
Female	147	42.0
Total	350	100.0

Source: Field and google survey, 2024

Table 1 presents the gender distribution of the respondents participating in the survey. Among the 350 respondents, males comprised the majority (58%), with 203 participants falling into this category. Females accounted for the remaining 42% (147 participants), representing a minority within the sample population. This data provides a preliminary overview of the sample's demographic composition.

Table 2

Demographic profile based on age

	Frequency	Percent
Below 25 Years	123	35.1
25-50 Years	184	52.6
Above 50 Years	43	12.3
Total	350	100.0

Source: Field and google survey, 2024

Table 2 depicts the distribution by age category of respondents. In accordance with the survey of 350 respondents, 35.1 percent of the respondents fall under age below 25 years age categories. Similarly, 52.6 percent of the respondents fall under age 25-50 Years age categories. The 12.3 percent of respondents fall under Above 50 Year age category and 8 percent respondents have fall under age category of above 40 years. In absolute number, age category for Below 25 Years, 25-50 Years and Above 50 Years respondents are 123, 184 and 43 respectively.

Table 3

Demographic profile based on educational qualifications.

	Frequency	Percent
+2, SLC/SEE and below	95	27.1
Bachelor	180	51.4
Master and Above	75	21.4
Total	350	100.0

Source: Field and google survey, 2024

Based on a survey of 350 respondents, the distribution by education status reveals the following proportions: 27.1% of respondents are associated with an education level of +2, SLC/SEE (School Leaving Certificate/Secondary Education Examination) and below; 51.4% are at the Bachelor's level; and 21.4% hold Master's degrees or above. In absolute terms, 95 respondents fall into the +2, SLC/SEE and below category, while 180 respondents have Bachelor's degrees, and 75 respondents have attained Master's or higher education levels.

Table 4

Demographic profile based on occupation.

	Frequency	Percent
Self Employed	162	46.3
Employed (Private/Public)	133	38.0
Unemployed	55	15.7
Total	350	100.0

Source: Field and Google survey 2024

Table 4 illustrates the distribution of respondents by job position. The survey data, collected from 350 participants, reveals that nearly half (46.3%, or 162 individuals) identify as self-employed. Employed individuals (private or public sector) constitute 38% (133 respondents) of the sample, while the remaining 15.7% (55 respondents) reported being unemployed. This table provides a breakdown of the occupational background of the respondents, offering insights into the sample's composition.

Table 5

Demographic profile based on monthly income in NPR.

	Frequency	Percent
Below 30,000	186	53.1
Between 30,000 & 60,000	127	36.3
60,000 and above	37	10.6
Total	350	100.0

Source: Field and Google survey, 2024

Table 5 presents the distribution of respondents by monthly income. The survey of 350 respondents indicates that over half (53.1%, or 186 individuals) fall within the below 30,000 monthly income category. A significant portion (36.3%, or 127 respondents) reported a monthly income between 30,000 and 60,000. The remaining 10.6% (37 respondents) belong to the highest income bracket, with a monthly income exceeding 60,000. This table offers a snapshot of the income distribution within the sample population, providing context for potential variations in responses based on socioeconomic background.

4.2 Descriptive Analysis

Descriptive analyses play a crucial role in understanding the fundamental characteristics of the data in this study. They offer concise summaries of the various variables examined to assess respondents' purchase intentions. Specifically, mean and standard deviation values are presented to explore customer purchase intention based on five-point Likert scale questions.

For this research, the survey included questions framed as 'Five Point Likert Scale' items. The scale ranged from 1 (indicating strong dissatisfaction) to 5 (indicating strong satisfaction). The coding for the Likert scale was as follows: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, and 1 = Strongly Disagree.

The study further analyzed the dependent variable, Post Purchase Satisfaction (PPS), alongside independent variables such as Agent Behavior (AB), Company Trust and Image (CTI), and Customer Service (CS). These descriptive statistical tools were employed to gain insights into the respondents' views on these variables.

4.2.1 Agent Behavior

Table 6 presents a descriptive analysis of the survey responses pertaining to agent behavior. The data is based on a five-point Likert scale, where 1 signifies "strongly disagree," 2 indicates "disagree," 3 represents "neutral," 4 translates to "agree," and 5 denotes "strongly agree." This table summarizes the respondents' perceptions of various aspects of agent behavior, highlighting areas of strength and potential areas for improvement in terms of training needs.

Table 6
Descriptive Statistics for Agent Behavior

Agent Behavior	N	Mean	SD
Your life insurance agent explained all features of the policy	350	4.28	.682
Your life insurance advisor gives prompt service and is available when required	350	4.13	.616
Your life insurance advisor did not pressurize for selling insurance	350	3.71	.972
Your life insurance advisor was impartial about all life insurance plans offered by his/her company	350	3.91	.832
Your life insurance advisor behavior was ethical and did not hide term and conditions	350	3.90	.789

Source: Field and Google survey 2024

In Table 6, the highest mean value of 4.28 indicates that respondents strongly agreed with the statement ‘Your life insurance agent explained all features of the policy.’ This suggests a high level of satisfaction and understanding among respondents regarding the information provided by their agents. Conversely, the lowest mean value of 3.71 indicates that respondents were less inclined to agree with the statement ‘Your life insurance advisor did not pressure for selling insurance.’ This lower agreement level implies that some respondents felt a degree of pressure during interactions with their advisors.

The standard deviation of 0.682 for the highest mean value indicates relatively consistent agreement among respondents regarding policy explanation, whereas the higher standard deviation of 0.972 for the lowest mean value suggests more variability in responses regarding pressure to purchase insurance. This variability indicates that opinions and experiences regarding pressure from advisors varied more widely among respondents.

4.2.2 Company Trust and Image

Table 7 provides a summary of ratings for company trust and image across different dimensions. The survey used a 5-point Likert scale to assess statements related to Company Trust and Image, ranging from strongly disagree (1) to strongly agree (5).

Table 7

Descriptive Statistics for Company Trust and Image

Company Trust and Image	N	Mean	SD
You trust your life insurance company	350	3.96	.752
Your life insurance company is trustworthy when it comes to handling claim settlements	350	3.93	.739
Your life insurance company is having a good reputation.	350	4.03	.674
Your Life insurance claims will be handled fairly and promptly by Your company.	350	3.90	.745
Your life insurance company is transparent about its claim Settlement process	350	3.89	.762

Source: Field and Google survey 2024

In Table 7, the highest mean value of 4.03 shows that respondents strongly agreed with the statement ‘Your life insurance company has a good reputation.’ This indicates a high level of positive perception among respondents regarding their insurance company’s reputation. Conversely, the lowest mean value of 3.89 suggests that respondents were less inclined to agree with the statement ‘Your life insurance company is transparent about its claim settlement process.’ This lower mean value indicates that respondents may perceive a lack of transparency in how their insurance company handles claim settlements. The standard deviation of 0.674 for the highest mean value suggests relatively consistent agreement among respondents regarding the company's reputation. On the other hand, the higher standard deviation of 0.762 for the lowest mean value indicates greater variability in responses regarding transparency in claim settlement processes. This variability suggests that opinions and perceptions about the transparency of claim settlement procedures varied more among respondents.

4.2.3 Customer Service

Table 8 summarizes customer service ratings on various aspects . The survey used a 5-point Likert scale to assess statements related to Customer Service, ranging from strongly disagree (1) to strongly agree (5).

Table 8

Descriptive Statistics for Customer Service

Customer Service	N	Mean	SD
Claim procedure of your life insurance company is satisfactory	350	3.85	.792
Your life insurance company gives benefits to the loyal customer.	350	3.95	.761
Your Life insurance customer call centre service is satisfactory	350	3.89	.811
Your life insurance company maintain a good relationship with its customers	350	3.98	.718
Your Life insurance company gives fund value statement and premium due notice on time	350	3.95	.742

Source: Field and Google survey 2024

In Table 8, the statement with the highest mean (3.98) reflects strong agreement among respondents. It suggests that customers perceive their life insurance company as maintaining a positive relationship with them. The corresponding standard deviation is 0.718. Conversely, the statement with the lowest mean (3.85) indicates less agreement. Respondents are less satisfied with the claim procedure of their life insurance company, as evidenced by the higher standard deviation of 0.792.

4.2.4 Post Purchase Satisfaction

Table 8 presents descriptive statistics on post-purchase satisfaction for different items. The survey used a 5-point Likert scale to assess statements related to Post Purchase Satisfaction of Nepalese Life Insurance holders, ranging from strongly disagree (1) to strongly agree (5).

Table 9*Descriptive Statistics for Post-purchase Satisfaction*

Post-purchase Satisfaction	N	Mean	SD
I would recommend my insurance company to friends and family.	350	3.95	.748
My life insurance company has been fulfilling what I expected.	350	3.89	.811
I have no intention of changing to another insurance provider.	350	3.89	.813
I am willing to continue using my current insurance company's services.	350	3.89	.815
I am entirely happy with how my insurance company settled my claim.	350	3.98	.759

Source: Field and Google survey 2024

Table 9 presents the mean scores for respondents' agreement with various statements regarding their life insurance company. The highest mean score (3.98) with a standard deviation of 0.759 indicates a strong level of agreement with the statement "I am entirely happy with how my insurance company settled my claim." Conversely, the three lowest mean scores (all around 3.89) with standard deviations ranging from 0.811 to 0.815 suggest a lower level of agreement with the statements "My life insurance company has been fulfilling what I expected," "I have no intention of changing to another insurance provider," and "I am willing to continue using my current insurance company's services."

4.2.5 Analysis of Overall Variables

The average and variability of the variables are depicted as follows:

Table 10*Summary of descriptive for all variables.*

Variables	N	Mean	SD
Agent Behavior	350	19.9286	2.30933
Company Trust and Image	350	19.7057	2.39429
Customer Service	350	19.6143	2.55984
Post Purchase Satisfaction	350	19.6000	2.64196

Source: Field and Google survey, 2024

i). Agent Behavior

Mean (19.93): The average score given by respondents for agent behavior is approximately 19.93 out of 25. This suggests that, on average, respondents perceive positive agent behavior.

Standard Deviation (2.31): The standard deviation measures how much the scores vary from the mean. In this case, a relatively low standard deviation indicates that most respondents' ratings were close to the mean. However, some may have rated agent behavior significantly higher or lower.

ii). Company Trust and Image

Mean (19.71): The average score for company trust and image is about 19.71 out of 25. This indicates a favorable perception of the company's trustworthiness and overall image.

Standard Deviation (2.39): The moderate standard deviation implies that respondents' opinions about the company's trust and image vary somewhat. Some may have rated it much higher or lower than the mean.

iii). Customer Service

Mean (19.61): The average score for customer service is around 19.61 out of 25. This suggests overall positive satisfaction with customer service. Standard Deviation (2.56): The higher standard deviation indicates more variability in respondents' opinions about customer service quality. Some may have had highly positive or negative experiences.

iv). Post Purchase Satisfaction

Mean (19.60): The average satisfaction score after a purchase is approximately 19.60 out of 25. This implies that, on average, respondents are moderately satisfied. Standard Deviation (2.64): The wider standard deviation suggests varying levels of satisfaction among respondents. Some are highly satisfied, while others may be less so.

In summary, respondents generally perceive positive agent behavior, trust the company, and are satisfied with customer service and post-purchase experiences.

4.3 Correlation Analysis

Pearson correlation analysis, a fundamental statistical method for continuous data, provides important insights into the relationships between two variables. It focuses on uncovering linear trends, where data points tend to form a straight line when plotted on a graph.

i). Presence and Strength of Linear Relationship: Pearson correlation produces a coefficient (r) ranging from -1 to +1. It assesses both the existence and strength of a linear association. A value closer to -1 indicates a strong negative correlation (variables move in opposite directions). A value closer to +1 indicates a strong positive correlation (variables move in the same direction). A value close to 0 suggests a weak or nonexistent linear relationship.

ii). Direction of the Relationship: The sign of the correlation coefficient (+ or -) reflects the direction of the trend. Positive r indicates that as one variable increases, the other tends to increase as well. Negative r indicates that as one variable increases, the other tends to decrease.

Interpreting Correlation Strength: While the coefficient provides a numerical value, understanding its practical significance is crucial. Here's a general guide:

i). High Correlation ($|r| > 0.9$): This indicates a very strong, near-perfect linear relationship.

ii). Moderate Correlation ($0.6 < |r| < 0.9$): This signifies a meaningful, but not extremely strong, linear relationship.

iii). Low Correlation ($|r| < 0.6$): This suggests a weak or negligible linear relationship.

4.3.1. Correlation matrix

A correlation matrix is a tabular representation that displays the correlation coefficients between pairs of variables. Each cell in the matrix represents the correlation between two variables, typically measured using Pearson's correlation coefficient.

This matrix is useful for summarizing relationships between variables, providing input for more complex analyses, and diagnosing potential issues in advanced statistical models.

Table 11

The relationships among dependent and independents variables.

		AB	CTI	CS	PPS
AB	Pearson Correlation	1			
	Sig. (2-tailed)				
CTI	Pearson Correlation	.547**	1		
	Sig. (2-tailed)	<.001			
CS	Pearson Correlation	.495**	.767**	1	
	Sig. (2-tailed)	<.001	<.001		
PPS	Pearson Correlation	.502**	.602**	.631**	1
	Sig. (2-tailed)	<.001	<.001	<.001	

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

Note:

AB = Agent Behavior, CTI = Company Trust and Image, CS = Customer Service and PPS = Post-Purchase Satisfaction

Analyzing the correlation matrix from Table 5, we observe that the Pearson's r values for the relationship between independent variables and the dependent variable are statistically significant. All associations exhibit positive signs, indicating a positive direction of association among the tested constructs. Specifically, the Pearson correlation coefficients for the independent variables; Agent Behavior, Company Trust and Image, and Customer Service are 0.502, 0.632, and 0.631, respectively. These values suggest a strong degree of correlation between the independent variables and the dependent variable.

The relationship between Agent Behavior and Post Purchase Satisfaction is moderate positively correlated (Pearson correlation coefficient of 0.502). As Agent Behavior improves, customers tend to experience higher satisfaction with their post-purchase interactions. The level of significance i.e., $p < 0.001$, indicates that this correlation is unlikely to occur by chance, making it a valuable insight for organizations aiming to enhance overall customer satisfaction.

The research revealed a moderate positive linear relationship between Company Trust & Image and Post Purchase Satisfaction ($p < 0.001$). In simpler terms, improved Company Trust & Image tends to correspond with higher levels of Post Purchase Satisfaction. The Pearson correlation coefficient of 0.60 indicates this moderate positive correlation.

The relationship between Customer Service and Post Purchase Satisfaction is positively correlated. In other words, better Customer Service tends to be associated with higher Post Purchase Satisfaction. The strength of this association is moderate, with a Pearson correlation coefficient of 0.63. This indicates a moderate positive correlation between the two variables.

4.4. Regression Analysis

Linear regression acts as a powerful tool that builds upon the foundation laid by correlation analysis. Researchers often begin by performing correlation analysis to gain a preliminary understanding of the relationships between variables. Correlation analysis reveals the directional strength of an association between two variables, but it doesn't establish causality. It tells us whether variables tend to move together (positive correlation), in opposite directions (negative correlation), or not at all (no correlation). However, correlation analysis doesn't tell us the magnitude of this association or the specific form of the relationship (linear, exponential, etc.).

This is where linear regression takes center stage. It delves deeper, aiming to not only identify relationships but also predict the value of a dependent variable based on the influence of one or more independent variables. The dependent variable represents the outcome we're interested in understanding or predicting. The independent variable (also known as the predictor variable) is believed to have an influence on the dependent variable's value.

Furthermore, regression analysis goes beyond simply identifying which independent variable explains some of the variability in the outcome. It also assesses the statistical significance of the relationship between the independent variables and the dependent variable. This helps researchers determine whether the observed relationship is likely due to chance or a genuine effect.

Regression analysis goes beyond simply identifying a connection between variables. Unlike correlation analysis, which focuses on the direction and strength of an association, regression analysis establishes causal relationships. It allows us to understand how changes in one variable (independent) influence another (dependent). Simple linear regression tackles the impact of a single independent variable, while multiple linear regression tackles the combined effects of several. While correlation analysis is valuable, it doesn't reveal the magnitude of this influence. Regression analysis fills this gap, providing a more nuanced understanding of the strength of these relationships. When multiple factors potentially influence an outcome, multiple regression analysis becomes a powerful tool to disentangle their individual and combined effects.

Table 12

The Summary Model for all variables.

Summary Model	R	R Square	Adjusted Square	R	SD of the Estimate
1	0.679a	0.462	0.457		1.94707

a. Predictors: (Constant) CS,AB, CIT

The model summary provides the coefficient of determination (R-squared), which explains variance. From Table 12, the R-squared value is 0.462, indicating that 46.2% of the variation in post-purchase satisfaction with life insurance is explained by the independent variables. However, 53.8% remains unexplained. In other words, additional variables not considered in this research play a role in explaining post-purchase satisfaction.

Similarly, the adjusted R-squared value is 0.457, indicating that 45.7% of the variation in post-purchase satisfaction is explained by the independent variables after adjusting for degrees of freedom. The model summary also reports a standard error of the estimate (1.94), reflecting the variability of observed post-purchase satisfaction values related to life insurance.

Table 13*Analysis of Variance (ANOVA) of all variables*

Summary Model		Sum of Squares	Degree of Freedom	Mean Square	F-Value	Significant Level
1	Regression	1124.281	3	374.760	98.853	<.001 ^b
	Residual	1311.719	346	3.791		
	Total	2436.000	349			

a. Dependent Variable: PPS

b. Predictors: (Constant), CS, AB, CIT

The model's fitness, indicated by an F-value of 98.853 at a significance level of 0.001, is statistically significant. This suggests that the research model effectively explains the impact of agent behavior, company trust and image, and customer service on post-purchase satisfaction in the context of life insurance.

According to the ANOVA results, the p-value (0.001) is less than the significance level (alpha) of 0.01. Consequently, the model serves as a strong predictor of the relationship between the dependent and independent variables. The independent variables play a significant role in explaining the variance in post-purchase satisfaction related to life insurance.

Table 14*Coefficient of all variables*

	Un standardized Coefficients		Standardized Coefficients	T-Values	Significant Levels
	β	SD Error	Beta		
(Constant)	2.925	1.016		2.878	.004
AB	.235	.054	.206	4.321	<.001
CIT	.225	.071	.204	3.161	.002
CS	.385	.064	.373	6.016	<.001

a. Dependent Variable: PPS

The expression representing the effects of independent variables is provided by the following equation.

$$\text{Post-Purchase Satisfaction (PPS): } \alpha + \beta_1 \text{ AB} + \beta_2 \text{ CSs} + \beta_3 \text{ CTI} + e$$

Where,

α = Constant

$\beta_1, \beta_2,$ and β_3 = Coefficient of Independent Variables

AB = Agent Behavior

CSs = Customer Satisfaction

CTI = Company Trust and Image

e = Residual Value

The regression equation, based on the coefficients, describes post-purchase satisfaction. It captures the relationship between the independent variables and post-purchase satisfaction as;

$$\text{PPS : } 2.925 + \beta_1 0.235 + \beta_2 0.225 + \beta_3 0.385$$

Table 14, additionally presents the beta coefficients for all independent variables in the study. These coefficients were estimated to assess the influence of each variable on post-purchase satisfaction with life insurance.

The positive regression coefficient of Agent Behavior indicates that there is effect of Agent Behavior on Post Purchase Satisfaction of Life insurance. The unstandardized beta coefficient of Agent Behavior of 0.235 indicates that one-unit change in average, on Agent Behavior would lead to 0.235 units change in Post Purchase Satisfaction of Life insurance keeping others variable remain constant. The corresponding p-value of .001 is less than .05 that signifies that Agent Behavior has significant effect on Post Purchase Satisfaction of Life.

The positive regression coefficient of Company Trust and Image indicates that there is effect of Company Trust and Image on Post Purchase Satisfaction of Life insurance. The unstandardized beta coefficient of Company Trust and Image of 0.235 indicates that one-unit change in average, on Company Trust and Image would lead to 0.235 units change in Post Purchase Satisfaction of Life insurance keeping others variable remain constant. The corresponding p-value of .002 is less than .05 that signifies that Company Trust and Image has significant effect on Post Purchase Satisfaction of Life.

The positive regression coefficient of Customer Satisfaction indicates that there is effect of Customer Satisfaction on Post Purchase Satisfaction of Life insurance. The unstandardized beta coefficient of Customer Satisfaction of 0.235 indicates that one-unit change in average, on Customer Satisfaction would lead to 0.235 units change in Post Purchase Satisfaction of Life insurance keeping others variable remain constant. The corresponding p-value of .001 is less than .05 that signifies that Customer Satisfaction has significant effect on Post Purchase Satisfaction of Life.

Table 15

Hypothesis Results

Hypothesis	Coefficient	P-value	Results
H1= There is significantly positive impact of agent behaviour on post purchase satisfaction.	0.235	0.001	Accepted
H2 : There is significantly positive impact of Company Trust and Image on post purchase satisfaction.	0.225	0.002	Accepted
H3: There is significantly positive impact of Customer Service on post purchase satisfaction.	0.385	0.001	Accepted

4.5 Reliability and Validity

Reliability concerns the consistency of a measurement. In reliability analysis, a high association indicates consistent results, rendering the scale reliable. The Cronbach alpha, a common test of internal reliability, averages split-half coefficients. Its value ranges from 0 (no reliability) to 1 (perfect reliability). Low alpha may result from few questions, poor interrelatedness, or heterogeneous constructs. Excessively high alpha suggests item redundancy. For robust research, an acceptable alpha typically falls between 0.70 and 0.90 (Tavakol & Dennick, 2011).

Table 16*Reliability Analysis Statistics*

Cronbach's Alpha		Numbers of Items	
0.852		4.0	

Variable	No of Items	Cronbach's Alpha	Remarks
Agent Behavior	5	0.855	Good
Company Trust and Image	5	0.781	Acceptable
Customer Service	5	0.784	Acceptable
Post Purchase Satisfaction	5	0.821	Good

Table 16 illustrates the reliability assessment of the items. Cronbach's Alpha gauges internal consistency among a set of items designed to measure the same underlying construct, such as survey questions. A higher Cronbach's Alpha value indicates better reliability or consistency. In this case, the overall alpha value of 0.852 suggests good consistency among the four scale items.

The overall Cronbach's alpha value of 0.852 indicates the reliability or consistency of the four items in your scale. Higher values (closer to 1) suggest better internal consistency. In this case, .852 is relatively high, indicating good consistency among the variables.

Agent Behavior: The five items related to agent behavior exhibit good internal consistency, as indicated by a Cronbach's Alpha value of 0.855. This suggests that these items reliably measure the same underlying construct.

Company Trust and Image: Although the Cronbach's Alpha value of 0.781 for trust and image-related items is acceptable, there is room for improvement. These items may benefit from further refinement or additional measurement.

Customer Service: Similar to trust and image, the Cronbach's Alpha value of 0.784 indicates acceptable internal consistency for customer service-related items. However, fine-tuning or expanding the item set could enhance reliability.

Post Purchase Satisfaction: With a Cronbach's Alpha of 0.821, the five items related to post-purchase satisfaction demonstrate good internal consistency. Customers' satisfaction levels appear reliably captured by this set of questions.

Cronbach's Alpha values closer to 1.0 indicate stronger internal consistency, while values below 0.7 may warrant further investigation.

4.6 Discussion

This study investigates the effectiveness of Life Insurance claim settlement on Nepalese Customer's Satisfaction. The primary objective is to analyze the relationship between agent behavior, customer service, and company trust and image on overall post-purchase satisfaction within Nepalese insurance companies. In this study, the correlation matrix reveals positive relationships between independent variables and post-purchase satisfaction. Agent behavior and post-purchase satisfaction exhibit a positive correlation (Pearson correlation coefficient = 0.55). This means as the perceived quality of agent behavior increases, customer satisfaction with post-purchase interactions also tends to increase. Furthermore, a moderate positive linear relationship exists between company trust and image and post-purchase satisfaction ($p < 0.001$). In other words, higher levels of trust and positive company image are associated with greater post-purchase satisfaction. Additionally, customer service also shows a positive correlation with post-purchase satisfaction, with a moderate strength (Pearson correlation coefficient = 0.63). This indicates that better customer service experiences tend to lead to higher post-purchase satisfaction.

Furthermore, coefficient of determination (R-squared), indicates that the independent variables account for 46.2% of the variance observed in post-purchase life insurance satisfaction. However, this value can be inflated due to the inclusion of additional independent variables. To address this potential overestimation, the adjusted R-squared value of 0.457 provides a more refined estimate. This adjusted value suggests that 45.7% of the variation in post-purchase satisfaction can be definitively attributed to the independent variables in the model, after accounting for the model's degrees of freedom. In simpler terms, nearly half of the variation in customer satisfaction with life insurance can be explained by the factors considered in this model.

Additionally, the model statistically predicts a meaningful association between the independent variables and post-purchase satisfaction. Consequently, we can reject the null hypothesis, which posits no relationship between the independent variables and the dependent variable. This allows us to conclude that the independent variables in the model significantly explain the variance observed in post-purchase satisfaction.

Similarly, Correlation coefficient between Company Trust & Image to Post Purchase Satisfaction is moderate positive correlation, with Pearson correlation coefficient of 0.602. This aligns with the findings of Dahal et al. (2023), whose study reported a moderate positive relationship (Pearson correlation coefficient of 0.388) between these two variables.

In this study, a correlation coefficient of 0.602 suggests that Company Trust & Image plays a significant role in influencing Post-Purchase Satisfaction. Customers' trust and perception of the company are more strongly linked to their satisfaction after making a purchase. On the other sides, Dahal et al. (2023) founded correlation coefficient of 0.388, while still positive and moderate, indicates a weaker relationship. This suggests that although Company Trust & Image impacts Post-Purchase Satisfaction, other factors might also play a substantial role in determining satisfaction in this study's context.

Similarly, Correlation coefficient between Customer Service to Post Purchase Satisfaction is moderate positive correlation, with Pearson correlation coefficient of 0.631. This aligns with the findings of Dahal et al. (2023) founded a moderate positive relationship (Pearson correlation coefficient of 0.568) between these two variables.

In this study, a correlation coefficient of 0.631 suggests that Customer Service plays a significant role in influencing Post-Purchase Satisfaction. High-quality customer service is strongly linked to higher levels of satisfaction after a purchase. On this other side, Ghimire and Joshi (2023) showed a correlation coefficient of 0.568, while still positive and moderate, indicates a slightly weaker relationship. This suggests that although Customer Service impacts Post-Purchase Satisfaction, other factors might also play a substantial role in determining satisfaction in this study's context.

CHAPTER V

SUMMARY AND CONCLUSION

This chapter brings the dissertation to a close by summarizing the key findings of the research study. It highlights the research's contribution to existing knowledge in the field and its potential impact on insurance company practices. By leveraging the research framework and survey results, the chapter explores how these findings can be applied to improve insurance company operations. Additionally, it offers specific recommendations for both the research model itself and for the insurance companies involved in the study. Finally, the chapter identifies potential areas for future research that could build upon this work.

5.1 Summary

This research investigates the effectiveness of life insurance claim settlements in enhancing post-purchase customer satisfaction among Nepalese customers. The study focuses on three key determinants of post-purchase satisfaction: Agent Behavior, Company Trust and Image, and Customer Service, each defined through various sub-items to capture their full impact. The study utilizes a sample size of 350 respondents, chosen through purposive sampling, combining online surveys via Google and field surveys. Data was gathered using a structured questionnaire aimed at understanding different aspects of customer satisfaction related to claim settlements. The collected data were subjected to a battery of statistical tests. Descriptive analysis was first employed to summarize the central tendencies and dispersion of the data. Subsequently, correlation analysis was conducted to assess the nature and strength of the relationships between variables. Finally, regression analysis was utilized to quantify the impact of independent variables on the dependent variable. Reliability tests were additionally performed, confirming a high level of data consistency.

This research centers on understanding how claimants perceive claim settlements and how those perceptions translate into overall customer satisfaction with the insurance company. Chapter two dives into this connection by outlining specific hypotheses. These hypotheses explore the potential influence of various factors on post-purchase satisfaction, including: the behavior of Insurance Agents, Company's overall Trust and Image, and Customer Service provided.

The research works emphasizes the importance of effective claim settlement processes in life insurance companies as a determinant of customer satisfaction. By understanding how agent behavior, company trust and image, and customer service influence post-purchase satisfaction, the research provides valuable insights for life insurance companies aiming to improve their claim settlement processes and enhance overall customer satisfaction. This research adopts a quantitative approach, relying on a descriptive research design to draw valid conclusions about the relationships between the studied variables. The findings highlight the critical role of claim settlement in customer satisfaction and offer practical recommendations for improving service quality in the life insurance sector. The study, with a sample size of 350 using purposive sampling through Google and field surveys, collected data via structured questionnaires. Data analysis involved descriptive, correlation, and regression methods, with a reliability test confirming data efficiency. The framework includes three independent variables; Agent Behavior, Company Trust and Image, and Customer Service and one dependent variable, Post-Purchase Satisfaction.

The study indicates that the majority of respondents are male. Most respondents are between 25-50 years old, with fewer below 25, and the smallest group is above 50. Education levels show that most have a Bachelor's degree, followed by those with a Master's degree or higher, and the least have +2, SLC/SEE, or lower. Regarding employment, nearly half are self-employed, a significant portion is employed in the private or public sector, and the fewest are unemployed.

The correlation matrix reveals positive relationships between the independent variables and post-purchase satisfaction. Agent behavior has a positive correlation with post-purchase satisfaction (Pearson correlation coefficient = 0.55), indicating that better agent behavior increases Post Purchase satisfaction of life insurance holders.

There is also a moderate positively relationship between company trust & image and post-purchase satisfaction ($p < 0.001$), meaning higher trust and a positive company image enhance satisfaction. Additionally, customer service shows a moderate positive correlation with post-purchase satisfaction (Pearson correlation coefficient = 0.63), suggesting better customer service leads to higher satisfaction.

The results of hypothesis testing indicate that agent behavior (Beta = 0.235, p-value = 0.001), company trust and image (Beta = 0.225, p-value = 0.002), and customer service (Beta = 0.385, p-value = 0.001) all have a significantly positive impact on post-purchase satisfaction. Additionally, the reliability statistics show an overall Cronbach's alpha value of 0.852, indicating good internal consistency among the variables.

5.2 Conclusion

This study examines into the determinants of post-purchase satisfaction in Nepalese life insurance policies, highlighting several critical findings for both insurers and policyholders. Key factors such as agent behavior, company image and trust and customer service emerge as significant influencers of overall customer satisfaction. Specifically, company trust and image of the insurance company were identified as the foremost predictors of customer satisfaction, followed closely by the agent behavior and the quality of customer service. These insights emphasize the importance of organizational factors in shaping policyholder experiences, emphasizing the pivotal role of perceived trustworthiness and effective agent interactions in fostering satisfaction. The study contributes uniquely to the literature by applying attribution theory to understand how various factors ranging from insurer reputation to policy features affect customer satisfaction in the context of life insurance. For Nepalese life insurance companies and policyholders, the practical implications are profound. Enhancing post-purchase satisfaction not only ensures policyholders receive adequate coverage and service but also cultivates loyalty, boosts revenue, and strengthens competitive positioning. To achieve this, managers should focus on improving claims processes, policy features, and premium structures based on customer preferences, thereby aligning their strategies with customer-centric approaches.

In conclusion, this study offers a comprehensive insight into the factors influencing policyholder satisfaction, including the role of agent behavior, company trust & image and customer service. By focusing on these key areas, Nepalese life insurance companies can enhance customer satisfaction, build loyalty, and achieve a competitive advantage in the market.

5.3 Implication

Claim settlement is a critical aspect of insurance practice, and it holds immense value for both insurers and policyholders. Efficient and fair claim handling not only impacts individual claimants but also shapes the overall reputation and image of an insurance company.

5.3.1 Practical Implication

The research findings have several practical implications for life insurance companies in Nepal and potentially in similar markets.

- i). **Focus on Agent Behavior:** The positive correlation between agent behavior and post-purchase satisfaction indicates that improving agent interactions can significantly enhance customer satisfaction. Training programs aimed at improving communication, empathy, and problem-solving skills of agents should be prioritized.
- ii). **Enhancing Company Trust and Image:** Since company trust and image also show a significant positive impact on customer satisfaction, insurance companies should invest in building a strong and trustworthy brand. Transparent communication, ethical practices, and positive public relations can contribute to a better company image and higher customer trust.
- iii). **Improving Customer Service:** Customer service quality is crucial for post-purchase satisfaction. Insurance companies should ensure that their customer service teams are well-trained, responsive, and capable of handling queries and complaints efficiently. Implementing robust customer feedback mechanisms can help identify and address service gaps.
- iv). **Strategic Resource Allocation:** The regression analysis indicates that agent behavior, company trust and image, and customer service explain 46.2% of the variance in post-purchase satisfaction. Insurance companies can use this information to strategically allocate resources towards these key areas to optimize customer satisfaction.

5.3.2 Implication for Further Research

The study suggests numerous opportunities for future academic investigation;

i). Exploring Additional Variables: Since 53.8% of the variance in post-purchase satisfaction remains unexplained, future research should explore other potential factors. These could include product features, pricing strategies, and customer demographics.

ii). Longitudinal Studies: Conducting longitudinal studies could provide deeper insights into how agent behavior, company trust, and customer service influence satisfaction over time. This would help in understanding the long-term impact of these variables on customer loyalty and retention.

iii). Comparative Studies: Future research could compare the findings across different geographic regions or types of insurance products. This could help in understanding if the identified relationships hold true in different contexts or if there are unique factors affecting satisfaction in specific markets.

iv). Customer Feedback Mechanisms: Investigating the effectiveness of various customer feedback mechanisms and their role in enhancing post-purchase satisfaction can be another area of research. Understanding the best practices in collecting and utilizing customer feedback can help insurance companies improve their services.

v). Impact of Digitalization: With the increasing digitalization of insurance services, future studies could examine the impact of digital interactions, such as online customer service and digital claims processing, on post-purchase satisfaction.

By addressing these areas, future research can build on the current study's findings and provide more comprehensive insights into improving customer satisfaction in the life insurance industry.

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APPENDICES

QUESTIONNAIRE

Dear Sir/Mam,

I, Mr. Prem Khanal, a student of Shanker Dev Campus, thesis year, would like to forward this questionnaire to you for researcher's undergoing research work, entitled "Effectiveness of Life Insurance Claim Settlement on Nepalese Customer's Satisfaction", in order to partial fulfillment of the requirements for the Master of Business Studies (MBS) degree from the Faculty of Management, Tribhuvan University, your participation is crucial for my research. I sincerely appreciate your willingness to take a few moments from your busy schedule to complete this questionnaire, which is essential for advancing my research. Your responses will be strictly used for academic purposes, ensuring confidentiality and anonymity. Your cooperation and suggestions are highly valued, so please mark (✓) the appropriate answers related to your life insurance policy.

Part A

DEMOGRAPHIC INFORMATION

Please fill the following details using (✓) to complete them.

1. Gender

Male	
Female	
Other	

2. Age

Below 25 Years	
25-50 Years	
Above 50 Years	

3. Education

+2, SLC/SEE and below	
Bachelor	
Master and Above	

4. Occupation

Self Employed	
Employed (Public/Private)	
Unemployed	

5. Monthly Income (In NPR)

Below 30,000	
Between 30,000 to 60,000	
60,000 & above	

Part B

CUSTOMER SATISFACTION WITH CLAIM SETTLEMENT ACROSS VARIOUS VARIABLES

In your opinion, how does the claim settlement of your insurance company meet your expectations in terms of following dimension items in the table? Please rate how much you agree or disagree with the statement below using [] among 1 to 5 ; where, 1- Strongly disagree 2- Disagree 3- Neutral 4- Agree 5- Strongly agree.

Factors	Questionnaire	Component				
		1	2	3	4	5
Agent Behavior	Your life insurance agent explained all features of the policy					
	Your life insurance advisor gives prompt service and is available when required					
	Your life insurance advisor did not pressurize for selling insurance					
	Your life insurance advisor was impartial about all life insurance plans offered by his/her company					
	Your life insurance advisor behavior was ethical and did not hide term and conditions					
Company trust and Image	You trust your life insurance company					
	Your life insurance company is trustworthy when it comes to handling claim settlements					
	Your life insurance company is having a good reputation.					
	Your Life insurance claims will be handled fairly and promptly by Your company.					
	Your life insurance company is transparent about its claim Settlement process					
Customer service	Claim procedure of your life insurance company is satisfactory					
	Your life insurance company gives benefits to the loyal customer.					
	Your Life insurance customer call center service is satisfactory					
	Your life insurance company maintain a good relationship with its customers					
	Your Life insurance company gives fund value statement and premium due notice on time					
Post-purchase Satisfaction	I would recommend my insurance company to friends and family.					
	My life insurance company has been fulfilling what I expected.					
	I have no intention of changing to another insurance provider.					
	I am willing to continue using my current insurance company's services.					
	I am entirely happy with how my insurance company settled my claim.					

Feel free to share any suggestions you have regarding the company's claim settlement procedures.

.....

Thank you for your participation in completing this questionnaire!

EFFECTIVENESS OF LIFE INSURANCE CLAIM SETTLEMEN...

By: Prem Khanal

As of: Jul 10, 2024 3:04:02 PM
16,527 words - 44 matches - 2 sources

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ABSTRACT This study examine post-purchase satisfaction of policyholders utilizing various life insurance policies. The research focuses on three primary determinants of post- purchase satisfaction: Agent Behavior, Company Trust and Image, and Customer Service, with each determinant defined by several sub-items to capture their comprehensive impact. Data was collected via a structured questionnaire designed to explore different aspects of customer satisfaction related to claim settlements. The gathered data underwent a series of statistical tests. Initially, descriptive analysis was used to summarize and was followed by correlation analysis to examine relationships between variables. Finally, regression analysis quantified the impact of independent variables on the dependent variable. Reliability tests confirmed a high level of data consistency. The result revealed that the correlation matrix reveals positive relationships between the independent variables and post-purchase satisfaction. Agent behavior has a positive correlation with post-purchase satisfaction, indicating that better agent behavior increases post purchase satisfaction of life insurance holders. There is also a moderate positively relationship between company trust & image and post-purchase satisfaction, meaning higher trust and a positive company image enhance satisfaction. Additionally, customer service shows a moderate positive correlation with post-purchase satisfaction, suggesting better customer service leads to higher satisfaction. The results of the analysis of variance test also revealed a significant relationship between the dependent variables and the independent variable.

In conclusion, this study on post-purchase satisfaction in life insurance policies identified several key findings that have important implications for the insurance industry and policyholders . The overall satisfaction after purchasing a life insurance policy is significantly correlated with the company trust and image, agent behavior, and customer service

. Keywords:

Agent Behavior, Customer Service, Company Trust and Image, Post Purchase Satisfaction

CHAPTER I INTRODUCTION 1.1 Background of Study Human life is fraught with uncertainties and potential threats, ranging from premature death to property damage and accidents. These vulnerabilities highlight the challenge of averting unforeseen events. However, insurance offers a crucial mechanism to mitigate or eliminate financial risks stemming from unpredictable occurrences. It functions as a financial tool designed to protect individuals against potential losses. Insurance functions by shifting risk from an individual or entity to an insurer in return for a monetary premium. It defines the insurer as the company selling the insurance policy,