CHAPTER I
INTRODUCTION

1.1   Background of the study

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

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

Consumer behavior is a broad field which concern with how individuals, families and group acquire, consume and dispose of goods, services, ideas and experiences. The principles of consumer behavior are useful to business, managers, government regulations, nonprofit organizations and every day people. In particular, for marketing managers knowledge of consumer behavior has important implications for environmental analysis for product positioning for the segmentation of marketplace, for designing market research studies and for developing marketing mix. The high impact of consumer behavior on marketing management should not be surprising (Mowan, 1990).

Not many years ago, when students opened a text book on consumer behavior (usually called buyer behavior) involves the study of how consumers decide to buy products. While this

definition is accurate , it is an inadequate description of the full scope of activities in which consumers engage prior to purchase and during and after consumption. Contemporary definitions are much broader and try to capture the full range of consumer activities. Consumer Behaviour entails all consumer activities associated with the purchase, use, and disposal of goods and services including the consumer's emotional, mental, and behavioural responses that proceed determine, or follow these activities.(see figure 1.1)

Consumer Behaviour

Consumer Activities:
purchase
use/consume
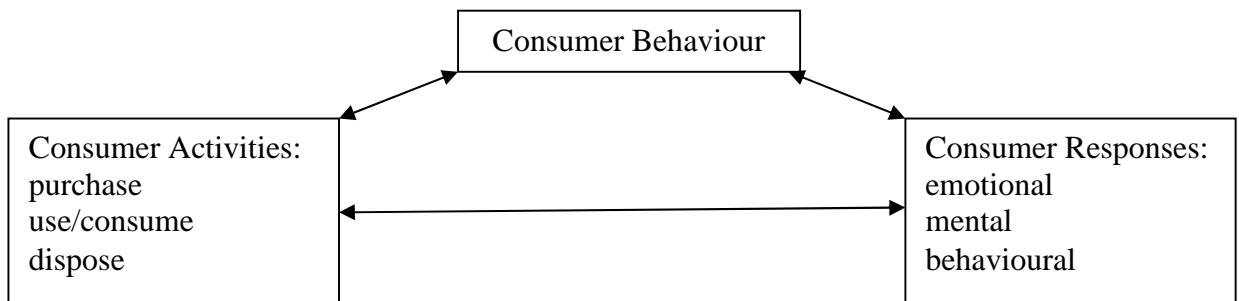dispose

Consumer Responses:
emotional
mental
behavioural

Fig 1.1 Consumer Behaviour

Consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the decision-making processes of buyers, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.(From Wikipedia ,the free encyclopedia 2013.06.28)

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

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

In recent years, the international business environment has been marked by far-reaching changes. In the last few years, the business environment of Nepal too, has been changed drastically. So, business has become more complex and competitive. To survive in such a changing and competitive business environment, all activities of the business must be focused on the consumer. In reality, the consumer is sovereign in decision whether to accept or reject a product on the basis of whether or not it meets perceived needs and desires. To meet perceived needs and desires of the consumers, the marketer should understand the buying behavior of consumers. But, understanding of consumer buying behavior is complex and difficult task as it is influenced by many factors, especially person-specific, psychological and socio-culture. In addition, consumer behavior is a changing phenomenon. Consumers' needs and desires undergo change from time to time. In order to adapt business with changing pace of consumers' needs and desires, it is essential for marketers to conduct research continuously on consumers. Realizing this fact, business enterprises of advanced countries have carried out a series of researches on buying behavior. But, such practices of studying consumer buying behavior are rare in our country. Here, an attempt has been made to study the behavior towards general insurance product in Bhairahawa city.

Human advancement brings not only prosperity and development but also many risk and natural disasters. Risk are not of some kind and predictable. Risks are like Riots Strike Damage, Malicious Damage, Terrorism, Hurricane, Fire, Flood, Earthquake and other natural disasters. People losses their life and property by these disasters. To avoid from these factors people need to bear much expenditure to protect their property and life security. By the single effort is not possible. To share such burden insurance is the best median. Insurance reduces such risk by

providing economic compensation to the people. Insurance encourage business man for their secure investment. It keeps secure from losses by bearing compensation. Without coverage against any economic loss our lives and livelihoods would be fear less secure & far more anxious.

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

Insurance is a contractual arrangement whereby one party agree to compensate another party for losses. We call the party agreeing to pay for the losses the insurer. We call the party whose loss causes the insurer to make claims payment the insured we call the payment the insurer receives a premium. We call the insurance contract a policy. We call the insured's possibility of loss the insured's exposure to loss to the insurer by purchasing an insurance policy. Insurance is the equitable transfer of the risk of a loss, from one entity to another in exchange for payment. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. (From Wikipedia, the free encyclopedia 2013.07.09)

The general insurance includes property insurance, liability insurance and other forms of insurance. Fire and marine insurance comes under property insurance. Liability insurance includes motor, theft, fidelity and machine insurances to a certain extent. The strictest form of liability insurance is fidelity insurance whereby the insurer compensates the loss to the insured hen he is under the liability of payment to the third party. Types of insurance policies available are: he role of insurance is two fold. Insurance achieves both risk transfer and risk reduction. The insurer collects the premium from a group of business firms who wants to protect their property against the damage caused by fire. Insurer will then indemnify the firm that suffers a loss to property due to fire out of the premium so collected. So the collective contributions of this entire group of the insured have been utilized to pay for the losses of the unfortunate few who sustain losses.

Insurance product is different product from other product. Normally insurance product is base on service. Insurance companies formulate different policy and they have to sell their product in the market. All the companies have generally similar product. These are Fire, Motor, Engineering, Misc., Aviation and Marine. Based on these product other product can be formulated i.e. Fire allied perils, Household Insurance, Marine Insurance, Personal Accident, Burglary, Money, Fidelity guarantee, Public liability, contractors' all risk, contractors plant & machinery, Electronic Equipment, Machinery Breakdown, Aviation, Group hospital indemnity plan, Travel insurance etc. Besides them scheme products are also offered by the insurance companies in Nepal, where they give more benefit from this product.

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

1.2   Statement of Problem

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

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

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

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

i)   Who are the main buyers & their basic features?

ii)   Which types of insurance product is more prefered by buyers?

iii)   What are the major factor affecting of buying decision?

iv)   What is the main factors affecting to select the insurance product?

v)   What is the impact of claim settlement to the buyers?

vi)   What is the status of insurable value and expenditure for insurance product?

vii)   How is the status of insurable value and expenditure for insurance product?

viii)   Are the buyers of insurance satisfied with buying "peace of mind" with their insurance premiums?

1.3   Objectives of the Study

This study is generally analyzes the consumers' behavior towards the product of general insurance company in the context of Bhairahawa city. Moreover study focuses on the views of the customers in selecting the particular insurance service.

The Specific objectives of the study are listed below:

i)   To analyze most selective insurance product type.

ii)   To evaluate major factor affecting of buying decision.

iii)   To analyze the impact of claim settlement, insurable value and expenditure on insurance product?

iv)   To measure the level of satisfaction of insurer.

1.4   Significant of the study

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

1.5   Limitation of the study

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

i)   The study is for a partial fulfillment of M.B.S degree and prepared with the time constraint.

ii)   The product of General insurance derived may not be applicable to other insurance in the market.

iii)   The behavior of buyers & product can influenced by several external factors which excluded on the report.

iv)   The study is limited to the General insurance of Bhairahawa city only.

v)   Exact population of the study is unknown but the sample is representative.

vi)   The study is not a final study on the subject.

1.6   Organization of the study

The study has been divided into following chapters:

(i)   Introduction

(ii)   Review of Literature

(iii)   Research Methodology

(iv)   Presentation and Analysis of Data

(v)   Summary, Conclusions and Recommendations

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

The second chapter has been concentrated upon review of literature and subdivides into various sections such as conceptual framework, review from different studies, review from journals, articles, magazines and review of previous related dissertations thesis. The third chapter provides the methodology adopted in the research. It comprises research design, sources of data, methods of analysis and its descriptive presentation. The fourth chapter shows presentation and analysis of data by using appropriate tools. The last chapter depicts the summary, conclusions and different recommendations regarding it.

CHAPTER II
REVIEW OF LITERATURE

This chapter reviews the concepts concerning the subject matter that are written on textbook. Relevant literatures books, dissertations, journal and electronic devices both on previous studies and on conceptual framework. Sufficient review of literature is helpful to set the point of departure to the study and the dimension to be added. On the subject matter, no previous research has been found to be done which specifically analysis consumer' behavior towards product of general insurance in Bhairahawa city.

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

I   Conceptual Review

II   Review of Journals & Articles

III.   Research Review

2.1 Conceptual Review:

In this section, basic concepts are reviewed relating to the buyer behavior. Additionally some core concepts like consumer analysis, consumer decision process, stages of consumer buying process are reviewed. And related subject about concept of insurance, historical development of insurance, types of insurance product are also reviewed.

As long as there has been exchange of goods and services between buyers and sellers, the ultimate success of all economic activities are depended upon producing goods and services that the buyers consider suitable. Since long before the recorded of the history, the buyers have had some freedom of choice in accepting or rejecting the product of the sellers. But in this modern period, survival of a business or a firm depends on behavior of consumers in the marketplace. (Naupane, 2001).

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

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

2.1.1 Consumer Analysis

Marketing must address the needs and wants of targeted customer. Marketers must understand how customers select, buy, use and dispose products. They must know their customer motivations**.**

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

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

Marketers attempt to provide answers to the following question by studying consumer behavior:

Who participates in the buying :   **Participants in buying decisions :**

-What do they buy?   -Object of buying?

-When do the buy?   -Occasions for buying?

-Where do they buy?   -Channel for buying?

-How do they buy?   -Frequency of buying?

2.1.2 Model of consumer behavior:

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

2.1.2.1 Nicosia Model:

This Nicosia model was developed by Francesco M.Nicosia. The Nicosia model focuses on the relationship between the firm and its potential consumers. In broadest terms, the firm communicates with consumers through its marketing messages (advertising) and consumers communicate with the firm by their purchases responses. Thus the Nicosia model is interactive in design: the firm tries to influence consumers, and the consumers- by their actions (or inaction)- influence the firm.

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

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

Field -2: Search and evaluation

Field -3: The act of purchase.

Field-4: Feedback

2.1.2.2 Howard-Sheth Model:

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

i. Extensive Problem solving: - The consumer's knowledge and beliefs about brands are very limited or nonexistent. At this initial point, the buyer has no brand preference and therefore actively seeks information about anumer of alternative brands.

ii. Limited Problem solving: - Knowledge and beliefs about the brands are only partially established, which means that the consumer is not fully able to assess brand differences in order to arrive at a preference. Some comparative brand information is sought, although the choice criteria are likely to be fairly well defined.

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

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

i. Input variables:
   a) Physical brand characteristics (significative stimuli)
   b) Verbal or Visual product characteristics (Symbolic stimuli)
   c) Consumer's social environment (family, reference groups, social class).

ii. Perceptual and learning constructs: The Howard- sheth model consists of psychological variables that are assumed to operate when the consumer is contemplating a decision.

iii. Outputs: The model indicates a series of outputs that correspond in name to some of the perceptual and learning construct variables (attention, brand comprehension, attitudes, intention) in addition to the actual purchase.

iv. Exogenous Variables: Exogenous variables are not directly part of the decision making process. Relevant exogenous variables include the importance of the purchase, consumer personality traits, time pressure and financial status.

2.1.2.3 Engel-Kollat-Blackwell Model:

The Engel-Kollat- Blackwell model of consumer behavior (Engel Blackwell Miniard model in its current revision) was originally designed to serve as a framework for organizing the fast growing body of knowledge concerning consumer behavior (Engel, Kollat & Blackwell,1968). The latest version of this comprehensive model, which consists of four sections (Engel, Blackwell & Miniard, 1968).

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

a) Problem recognition

b) Search

c) Alternative evaluation

d) purchase, and

e) Outcomes

ii. Information input: Feeding into the information- processing section of the model is information from marketing and non marketing sources.

iii. Information Processing: The information processing section of the model consists of the consumer's exposure, attention, comprehension/ perception, yielding/ acceptance, and retention of incoming marketer-dominated and non marketing information.

iv. Variables influencing the decision process: The last section of the model consists of individual and environmental influences that affect all five stages of the decision process. Individual characteristics include motives, values, lifestyle and personality. The social influences are culture, reference groups and family. Situational influences, such as a consumer's financial condition, also influence the decision process.

2.1.2.4 Sheth Family Decision Making Model:

Sheth family decision-making model considers the family as the appropriate consumer decision-making unit. The left side of the model shows separate psychological systems representing the distinct predispositions of the father, mother and other family members.

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

2.1.2.5 Bettman's Information – Processing Model of consumer choice:

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

i.   Processing capacity,

ii.   Motivation,

iii.   Attention and perceptual encoding,

iv.   Information acquisition and evaluation,

v.   Memory,

vi.   Decision processes, and

vii.   Consumption and learning processes,

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

2.1.2.6 Sheth-Newman-Gross Model:

The model concentrates on accessing consumption relevant values that explain why consumers choose to buy or not to buy (or to use or not to use) a specific product, why consumers choose

one product type over another, and to consumer choices involving a full range of product types (consumer non-durables, consumer durables, industrial goods and services) (Sheth, Newman and Cross,1990).

The Sheth-Newman-Gross model is rotted in three central Propositions. (Schiffman & Kanuk, 1993)

i.   Consumer choice is a function of a small number of consumption values.

ii.   Specific consumption values make differential contributions in any given choice situation.

iii. Different consumption values are independent.

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

a) Stimuli   **b) Influence and**   **c) Responses**.

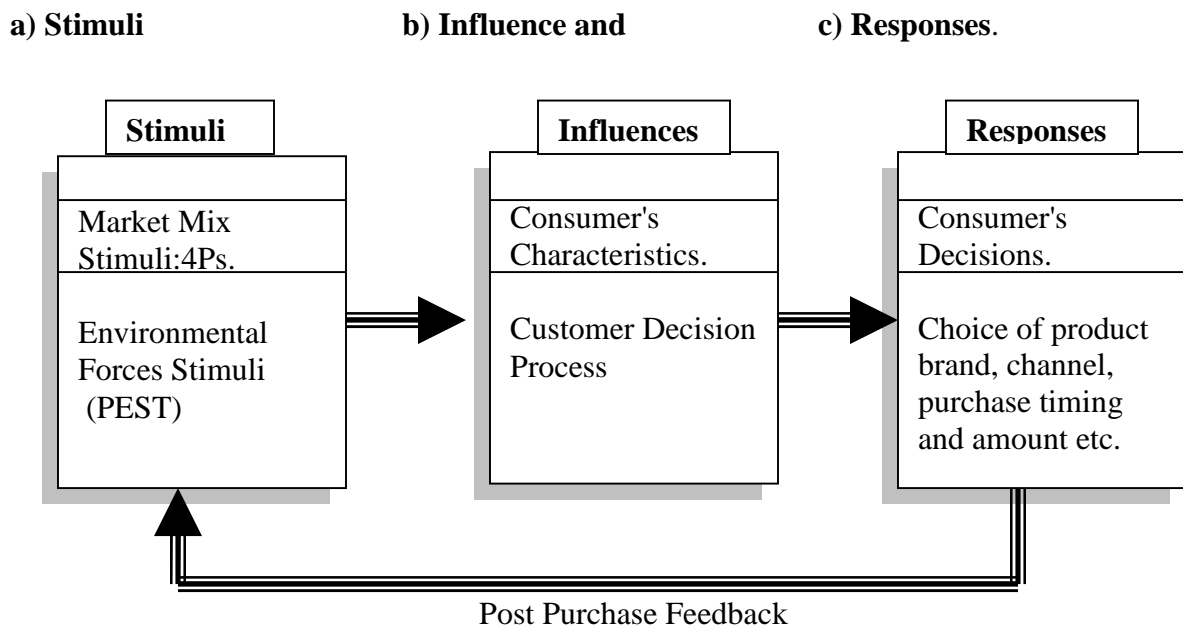| Stimuli	Influences	Responses
Market Mix Stimuli:4Ps.	Consumer's Characteristics.	Consumer's Decisions.
Environmental Forces Stimuli (PEST)	Customer Decision Process	Choice of product brand, channel, purchase timing and amount etc.

Post Purchase Feedback

Figure1.2 presents a model for studying consumer behavior. The model has the following key features:

a) **Stimuli:** Consumer is stimulated by:

)   Marketing mix consisting of product, price, place and promotion variables.

)   Environmental forces consisting of political, economic, technological and socio- cultural variables.

b) **Influences**: Consumers are influenced by:

i) **Consumer characteristics**: They consist of:

)   Culture: It determines a person's wants and behavior. Each culture consists subcultures- nationalities, religions, and racial groups. Social class in also important for consumer behavior.

)   Social: They are references group, family, social roles and status.

)   Personal: They are age and stage in life cycle, occupation, income, lifestyle, personality.

)   Psychological: They are motivation, perception, learning, beliefs, and attitudes.

)   Economic: Level of income, liquid assets, saving, debts, credit availability etc.

ii) **Consumer Decision process**: It consists of:

)   Problem recognition.

)   Information search

)   Evaluation of alternatives

)   Purchase decision

)   Post purchase behavior

c) **Consumer Response**: Following are Consumer decision about:

)   Product choice

)   Brand choice

)   Channel choice

)   purchase timing

)   purchase amount (Agrawal, 2001)

Post Purchase Feedback:

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

2.1.3 Consumer Buying Process

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

a) Low Involvement purchase:

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

b) High Involvement purchase (Dissonance Reducing Behavior):

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

Buying Roles: Roles that people play in buying decision can be:
- Initiator: First to suggest the idea of buying the product.
- Influencer: Gives advice to influence decision.
- Decider: Decides about buying.
- Buyer: Makes the actual purchase
- User: uses the product.

2.1.4 Stage of Consumer Buying Process:

Consumer behavior is the study of how people buy, what they buy, when they buy and why they buy. It blends elements from psychology, sociology, sociopsychology, anthropology and

economics. It attempts to understand the buyer decision processes/buyer decision making process, both individually and in groups.

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

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

i.   Problem recognition

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

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

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

ii.   Information Search

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

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

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

iii. Information evaluation

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

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

iv. Purchase decision

Once the alternatives have been evaluated, the consumer is ready to make a purchase decision. Sometimes purchase intention does not result in an actual purchase. The marketing organization must facilitate the consumer to act on their purchase intention. The provision of credit or payment terms may encourage purchase, or a sales promotion such as the opportunity to receive a premium or enter a competition may provide an incentive to buy now. The relevant internal psychological process that is associated with purchase decision is integration (Basic model of consumer decision making).

v.   Post Purchase Behaviour (Use and disposal):

After purchasing the product, the consumer may be satisfied or disappointed. Satisfied consumers continue to purchase and develop brand loyalty. Disappointed consumers stop purchasing the product and dissuade other from buying it. If performance exceeds expectations, the consumer is delighted. When consumers experience anxiety over their purchase decision- it is called cognigive dissonance. Marketers should take steps to reduce this anxiety through follow-up, post purchase services, speedy handling of consumer grievances and persuasive communicaion.

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

2.1.5 Factors Affecting Consumer Buying Decision:

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

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

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

ii. Personal Factors:

) Age: Consumers buy different products according to age group. Their taste in food, clothes, recreation is age-related. Young consumers like to experiment new products and wear jeans. Older consumers prefer brand loyalty and dress conservatively.

) Gender: Male and female exhibit many differences in their buying behavior. Their needs also different.

) Family Size: Family size determines the level of expenditure and product choice. Buying decisions in larger families favour brand loyalty.

) Family life cycle: The family life cycle influences spending patterns. Product interests differ according to the stage in family life cycle; single, bachelors, married, married with children and old.

) Occupation: Occupation influences the consumption pattern. Factory workers buy work clothes. Bank managers buy expensive suits. Professional people generally dress properly.

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

) Motivation: A motive is pressing need that drives consumers to seek satisfaction. It directs them to act toward goal-oriented behavior to reduce tension. Motives motivate consumers. Motivation is an activated state within the consumer that leads to goal oriented behavior. A motivated consumer is ready to act.

) Perception: Perception influences how the motivated consumer actually acts. Perception is the process of selection, organizing and interpreting information inputs by an individual to produce meaning. Consumers receive information through the five senses i.e. see, hear, test, smell and touch. Perception gives meaning go information.

) Learning: When consumes act, they learn. Learning is changes in an individual's behavior resulting from information and experience. Most of human behavior is learned.

⟨ Attitude: Attitudes reflect likes and dislikes of consumers. An attitude is person's learned predisposition to respond toward some object in a consistently favorable or unfavorable way. Personal experiences, environment and situations mould the attitude. They are learned, have consistency, and are either favorable or unfavorable about objects. Attitudes influence consumer behavior. Generally, it is easy to change products than it is to change consumer's attitudes. Marketers should fit products into existing attitudes.

⟨ Belief: A belief is a descriptive thought that a consumer holds about something. It may be based on knowledge, opinion or faith. Beliefs make up product and brand images.

⟨ Personality: Personality is an individual's psychological traits that lead to enduring behavioral responses. Personality traits can be: dominance or autonomy, self-confidence or dependency, extrovert or introvert, adaptability or dogmatism, aggressive or friendly.

⟨ Life style: Life style is person's pattern of living reflected in his activities, interests and opinions.

iv.   **Socio-cultural Culture**: Social factors are influences that other people exert on consumer behavior. They consist of reference groups, family, and social class.

⟨ Reference groups: Reference groups consist of groups that have a direct or indirect influence on the consumer's attitudes or behavior. They serve as points of reference for consumer's judgment.

⟨ Family: Two or more persons related by blood, marriage or adoption who reside together constitute a family. The activities performed by each member influences family purchase decision. The roles are initiator, influencer, decider, buyer, users.

⟨ Roles and status: role consists of activities that a person is expected to performing many groups. Consumers perform many roles. Consumers choose products that communicate their role in the society. Status provided by the role. Products provide status symbol.

⟨ Social class culture: Ranking within a society determined by its members constitutes social class. It can be upper, middle and lower. It indicates preferences

and life style. Members share similar values, interests and behavior, social class reflects income, occupation, education and area of residence.

) Culture: Culture is represented by symbols and artifacts created by a society and handed down from generation to generation. The symbols may be values, attitudes, beliefs, language, and religion. Culture is learned behavior. It changes over time. Cross-cultural influences and new challenges in the society influence consumer behavior. Food habits are very much influenced by cultural norms.

) Subculture: Each culture consists of smaller subcultures. Subculture is subdivision of culture based on homogeneous characteristics such as religion, language, race, caste, ethnicity etc. Subcultures provide more specific identification and socialization for its members. They serve as important market segments. Marketers should design marketing mixes tailored to the need of specific subcultures (Agrawal, 2001).

2.1.6 Customer Satisfaction:

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

Philip Kotler has defined it as "Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance in relation to his/ her expectations."

The consumer is:

Dissatisfied: If the performance falls short of expectations.

Satisfied: If the performance matches the expectations.

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

Customer expectations are formed by:
) Past experience of buying.
) Advice from friends and relatives.
) Marketing promotion and promises.

2.1.7 Concept of Insurance:

Risk and uncertainty are closely related concepts. Essentially, uncertainty arises from people's inability to accurately predict future events, often there is a dual problem, i.e. whether a particular event will occur at all and, if it does, its consequences. It reveals two important characteristics of risk and uncertainty. The first is the existence of a chance of loss that may or may not be capable of objective measurement. The second is that persons from subjective views about uncertainties which often influence their consequent behavior (Dionee, 2000). Risks of accident, fire, catastrophes, theft, assaults, etc. are the examples in which human life exposed. In such risks, people have to bear losses. Such uncertainties have great role and impact over the lives of people. The protection measure on such uncertainty is insurance which tries to minimize risk.

Insurance is a very social phenomenon where large number of people from every level of society united to fight with risks. They collect money and contribute to them who suffer loss. In other words, taking from fortunate and giving to unfortunate is insurance.

Insurance companies collect huge premium with large number of customers. They can invest the money like other financial institutions but the major difference of insurance company with other financial institution is it collects the premium for future probable claim of its customers.

We cannot define insurance by a single definition. It may be different from social, economic, legal, risk management and other aspects.

Insurance is the pooling of fortuitous losses by transfer of such risk to insurers, who agree to indemnify insured for such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with the risk (Rejda, 2006)

The above definition is very useful to describe a typical insurance plan. It focus on few requirements of a insurance plan like pooling of fortuitous losses, transfer of risk and indemnification. These are the pillars of insurance. Polling of loss refers the risks that are collected from a large number of people and spread the actual loss to overall. This example give a real picture: 1000 people pay Rs. 1000 as premium for their homes and a home burn out totally costing Rs. 100,000. In this case, Rs.100 will be the actual loss over 1000 people. Fortuitous risk

means such risk that is uncertain at the time of insurance. It has only chance to loss. Transfer of risk means the risk of insured is transferred to insurer. The insurer will indemnify the insured in case of any loss. Indemnification for losses means to restore the insured to his approximate financial position prior to the occurrence of loss. For example if one becomes disabled, a disability income insurance policy will restore at least part of lost wage (Ibid).

2.1.7.1 Legal Concept

Insurance is a contract between two parties whereby one party called insurer undertakes, in exchange for a fixed sum called premium, to pay the other party called insured a fixed amount of money on the happening of a certain event (Mishra, 2001).

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

Insurance is a contractual arrangement whereby one party agree to compensate another party for losses. We call the party agreeing to pay for the losses the insurer. We call the party whose loss causes the insurer to make claims payment the insured we call the payment the insurer receives a premium. We call the insurance contract a policy. We call the insured's possibility of loss the insured's exposure to loss to the insurer by purchasing an insurance policy.

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

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

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

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

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

2.1.7.2 Cooperative Concept

Insurance is defined as a co-operative device to spread the loss caused by particular risks over a number of persons who are exposed to it and who agree to ensure themselves against the risk (Mishra, 2001: 33).Insurance is simply a co-operative form of distributing a certain risk over a groups of person exposed it (Ghosh and Agrawala, 1958).

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

The function of insurance is to spread the loss over a large number of persons who are agreed to co-operate each other at the time of loss. The risk cannot be averted but loss occurring due to certain risk and be distributed among the agreed persons. In this way, we and find a blend of legal as well as co-operative component in insurance dealing.

2.1.7.3 Historical Development of Insurance

The history of insurance goes back to 5000 years with practice of risk sharing among Chinese merchants (Dinsdale,1958 : 4).The origin of insurance is lost in antiquity. The earliest traces of insurance in the ancient world are found in the form of marine trade loans or carriers. Contracts which included on element of insurance evidence is on record that arrangements embodying the idea of insurance were made in Babylonia and India at quit and early period. In Rigved, the most sacred book of India references was made to the concept 'Yogakshema' more or less akin to the well-being and security of the people. The codes of Hummurabi and of manu had recognized the advisability of provision for sharing the future losses. However, there is no evidence that insurance in its present form was practiced prior to the twelfth century (Mishra, 2001). In the case of development of the insurance Marine insurance is the first insurance then after fire insurance, Life insurance & other verities of Miscellaneous Insurance.

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

2.1.7.4 Types of Insurance

Insurance Board of Nepal has categorized in three parts these are Life insurance, non-life or General Insurance Company & Reinsurance.

Life Insurance is different from other insurance in the sense that, here the subject matter of insurance is life of human being. The insurer will pay the fixed amount of insurance at the time of death or at the expiry of certain period. At present, life insurance enjoys maximum scope because the life is the most important property of the society or an individual. Each & every person requires the insurance. This insurance provides protection to the family at the premature

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

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

Reinsurance is transaction between two insurance companies in which one insurance company purchases insurance from another insurance company. Reinsurance is a separate kind of insurance transaction rather than a separate branch of insurance business. The company originally writing the insurance for a consumer is called primary insurer or ceding company. The insurance company from which the primary insurer purchases insurance is called re-insurer. The re-insurer agrees to indemnify the primary insurer in the event that the primary insurer must indemnify its insured for a covered loss.

Insurance Board of Nepal (Beema Samiti) has classified general insurance business in six major sectors that are the main product of general insurance. They are Marine insurance, Fire insurance, Motor insurance, Aviation insurance, Engineering insurance and Miscellaneous insurance (Insurance Act) (http:// www.bsib.org.np / insurance.htm).

Marine Insurance:

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

ا Hull insurance: Hull insurance includes the insurance of vessel and its equipments, sailing vessels, ocean steamers and so on.

) Cargo insurance: Cargo insurance includes the insurance of cargo like wares, merchandise, property, goods and so on.

) Freight insurance: Freight is to be payable for the carriage cargoes or if the vessel is chartered, the money to be paid for the use of vessel. The carrier is unable to earn if the goods of property are not safely transported.

) Liability insurance: Liability hazards such as collision or running down may be included by marine insurance policy. All the terms and conditions should be mentioned clearly in the policy.

Fire Insurance:

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

Motor Insurance:

The rate of premium is standardized in Nepal because the business is based on prescribed tariff by the Insurance Board. No insurer can charge lower rates than the tariff rates and no insurance can grant benefits exceeding than those arranged by the tariff. Vehicles are classified by motor tariff in three categories these are private cars, commercial vehicles and two wheelers. Comprehensive policy covers own damage, Third party loss, Fire, Theft, Malicious damage, Earthquake, Flood etc. Motor insurance policy may include Riot strike damage and Terrorism risks. Moreover, personal accident insurance can also be included in Motor policy.

Aviation Insurance:

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

Contractor's All Risk (CAR) and Engineering Insurance:

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

Miscellaneous Insurance:

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

- **Medical Insurance:** The age eligibility for medical insurance is below 60 years in Nepal. It covers for physician's services, outpatient hospital services, home health care services and other medical and health car services such as diagnostic tested, x-rays and radiation treatments.

- **Accidental Insurance:** The age eligibility for Accidental insurance is below 60 years. It covers for death, permanent disability, permanent temporary disability, medical expenses and wages due to accident. It covers for 24 hours a day and worldwide during the insurance policy period. Terrorism risk may also include in this policy.

- **Burglary Insurance:** Business premises are generally covered against burglary and house breaking only. Mere theft without the use of force and violence is not covered.

- Robbery and dacoity being aggravated form of theft and falls under Burglary and house breaking.

- **Money-in-Transit Insurance:** This insurance covers money in transit between banks to central bank or other specified place, between one branch of insured to another. It covers for robbery, hold-up and dacoity in addition to burglary, housebreaking and theft. It can be extended to cover for money in counter and money in safe of strong room.

) **Machinery Breakdown policy:** It covers damage to machines. Any unforeseen and sudden damages to machinery by causes such as short circuit, action of the centrifugal forces, shortage of water in boiler, faulty design, bad workmanship, erection faults, lack of skill, carelessness, malicious damage etc.

Others:

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

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

2.1.7.5 List of General Insurance Company working in Bhairahawa city:

Most of the company have similar insurance product. Besides that some companies offering scheme policy. Where they include more risk with minimum premium. Fire, Motor, Misc., Engineering, Aviation, Marine are the main product and who offered scheme policy they based on these product and separate the risk coverage area. General insurance Company working in Bhairahawa listed below:
- Siddhartha Insurance Co. Ltd.
- National Life and General Insurance Co.Ltd.
- Nepal Insurance Co.Ltd.
- Rastriya Beema Sasthan
- Oriental Insurance Co. Ltd.

2.2 Review of Articles and Journals

It can take years to build a small business. Don't put it at risk by ignoring insurance needs. Many business and their owners have inadequate insurance cover are. This can jeopardize the future of

the business, reduce the inheritance left behind and even affect the financial security of business partners.

On the other hand, a comprehensive insurance strategy can safeguard a business, income family, employees and associates. In addition to life coverage small business owners should consider disability and critical illness insurance . All of these plans can help replace lost income and provide funds to steer a business through difficult times.

Insurance can help ensure loved ones are financially secure in the event of death or serious illness. Small business owners are business owners are often the key source of family income- a death or disability has the potential for financial disaster. The business may even die with the owner, dealing the family a double blow.

Even if the business can continue, it may be worth little to a family that has no intention of keeping it going. Many enterprises, such as consulting firms, have few or no assets to sell, so family can't always count on business property as a source of funds.

For business partners, it may be a good idea to have a buy- sell agreement that specifies that one partner is obligated to purchase the partner's interest in the even of death or a serious medical condition

The proceeds of a life insurance policy, for example, can be used to buy the partner's interest from his or her estate. This will allow a smooth transfer of ownership while providing funds to meet the terms of the buy-sell agreement. This is generally cost-effective, since the cost of life insurance premiums is likely to be far less than the cash that would be required to fund the purchase of a share of the business. The policy can be held by an individual or the business itself.

In addition, insurance policies on key employees can cover the cost and time involved in replacing critical personnel. The loss of critical employee due to death or disability can create expensive problems for a business, and the proceeds form a policy can help the business through those difficult times.

A business should also consider collateral loan insurance .This type of insurance is designed to secure funds do pay off a loan or other business debt. It is often required by financial institutions

as assurance that debts will be repaid upon the death of an owner or partner. Life insurance can be used as collateral insurance, or it can take the form of creditor insurance offered by financial institutions.(The kathmandu post, 28 July, 2008)

The potential of Nepal's insurance market is large. It has majority of middle class population and industrialization process is going on. Nepal's non-life insurance market has a large potential considering the country's growing population, increasingly affluent middle class, gross domestic saving, it's GDP growth rate which is averaged 4% over and expected to rise to 7% in coming year. Insurance outputs and trade volumes are rising. Foreign currency reserve surplus and foreign remittance are showing growing trends year by year. It is therefore natural that non-life insurance business and premium income will grow. Premium income in last 5 years, in fiscal year 2055-056 is Rs. 855,846,595, in 2056-057 is Rs.1,303,805,717, in 2057-058 is Rs.1,515,930,130, in 2058-059 is Rs.1,916,441,021, in 2059-060 is Rs. 2,315,832,256.

In the past year, rapidly expanding premium collection in non-life sector has shown steady growth. Investment in the insurance industry has considerable growth and picking-up smoothly under the guidelines of Insurance Board.

Like other countries, Nepalese economy is also shifting from command economy to market economy. The resultant opportunities will be multidimensional and shall lead to growth in insurance premium to be shared by the existing and prospective companies. In line with more open economic policies, the monopoly of state owned companies and foreign insurance companies was broken and domestic competitors came up. In the past years, Nepal insurance market has developed with more than 15 domestic players came up in the market.

The Beema Samiti controls the licensing policy and over companies' Pricing (Tariff) and product development. Developed and developing countries' insurance market has been showing spectacular growth rate. Open market economy policy has proved to be win-win situation allowing players to benefit from a rapidly expanding premium port.

In Nepal, there is a tremendous scope to develop the insurance market, which has immense potential. Though the Nepalese economy is presently growing very slow, which is less than 4% per year whereas inflation is at its high level. Industrial growth and exports are picking up, foreign exchange reserve are comfortable. Out of total population of about 26 million, the

immergence of middle class is expected to reach at figure of 7 million. Middle class has so far provided only limited potentiality for non-life insurance. Changes in the demographic pattern, style of living, life expectancy, education, average per capita income, annual new job creations and other associated factors will turn this segment into most dominant potential growth sector.

Open policy will attract foreign investment and technology. We have to fulfill our commitments with WTO up to certain stage by the end of year 2007 and fully up to the end of year 2010. It is the need of time to fulfill our commitment with WTO prior to the given time.

We have many plans for development of infrastructure in the field of hydropower, roads, telecommunication, airports, tourism & industrial development and other related fields. Commercial banking and financial institutions activities will assume a much larger dimension in the coming years. A large number of mega projects are expected to come up and international trade will expand by many folds. Multiple business complexes are coming up and residential colonies are being developed by the private sector. There is large potential for personal lines of business in the medium income bracket. There is wide scope of business in householder's policy, personal accident and medical cover, which can generate very substantial premium income. No doubt, there is declining trend in the economy due to un-stability and inflation. While opportunities will be immense, the challenge will be formidable too.

Now the time has come to speed up reform process in insurance sector. This sector may lend millions of rupees every year for reform process in sectors liked infrastructure, finance & banking, poverty alleviation, public health care etc.

Liberalization of the insurance sector will contribute to the Nepalese economy and is expected to place economic development of the country on the fast track. The liberalization must be viewed as an opportunity to upgrade levels of productivity and service for facing the challenges that lie ahead on three key areas i.e. quality, efficiency and systems (Quality assurance, disposal of claims within the timeframe, modern systems for accounts, statistic and general procedures) which can be achieved through modern technology. Target can be achieved by simplification of systems & procedures, policies, innovativeness in product development, market strategy and delivery systems.

Insurance services at a reasonable cost and with efficient service in the settlement of claims will strengthen their position in the mind of their claimants. It is right time for Nepal to occupy its rightful place in the world's insurance market.

Let the coming years inject life to insurance industry as a whole for the good of business & economy of the country. (Kedia, 2006)

Now 21 Insurance companies are providing insurance service in Nepal. Among 21 insurance companies 2 are composite offices providing both life and general insurance, 3 are specialist life insurance Company and 16 are general insurance companies.

In order to systematize, regularize, develop and control the insurance business INSURANCE BOARD was established, under Insurance Act 1968. Now Insurance Board is governed by Insurance Act 1992.

According to new insurance Act minimum paid up capital general insurance 10 crore and for life it is 25 crore. Nepal decided to follow specialist system and now one insurance company can't transact both life and general insurance. They are required to establish separate company for life insurance operations.

It is said that few more general and life insurance companies are in pipelines.

According to the annual report of the Beema Samiti the total life and general insurance premium for the financial year 2059/060 are as follows:

NON LIFE or General Insurance Premium is 372.78 crore representing 1.41% GDP.

LIFE INSURANCE PREMIUM is Rs. 141.20 crore representing 0.53 GDP.

The Insurance Board has estimated premium income for following years as mentioned below:

Year	General	Life	Total
F.Y. 2066/067	3,40,54,20,000	3,85,55,10,000	7,26,09,30,000
F.Y. 2067/068	3,69,44,70,000	4,41,54,20,000	8,10,98,90,000

The fire, motor and marine insurance is tariff business in Nepal. Other classes of business are non tariff.

September 11, 2001 terrorist attack at twin tower at New York in USA brought big change in insurance industry. Reinsures suffered big losses and they stopped accepting Terrorism risks.

Insurance pool has been formed in Nepal to provide terrorism cover, as international reinsurer's stopped providing terrorism cover under their reinsurance treaty.5 crore's seed money is provided by the HMG, Nepal and another 5 crore is raised from insurance companies transacting general insurance in Nepal, at the rate of Rs. 35,71,42,857 per insurer.

70% quota share Reinsurance Treaty is arranged with GIC of India through Insurance and Reinsurance Broker J.B. Boda & Company. Up to 30 crore limit is there. If there is a total loss, out of the claim of 30 crore 21 crore is paid ty the GIC of India and balance 9 crore is paid from the pool. While renewing treaty for the financial year 2061/062 its limit is increased to 40 crores. This reinsurance arrangement is done thought the reputed international insurance and broker, J.B. Boda & company. This Emergency pool can be developed into Reinsurance Company in future.

All premiums received for riot strike damage, malicious damage and terrorism is put in pool and reinsurance premium at the rate of 70% is remitted to the GIC of India, balance is retained by the same proportion.

In future I foresee bright future for the insurance industry of Nepal. Once this political conflict is solved new industries will come up an existing industry will expand their volume of business and this will give more premiums to the insurance companies. Insurance companies will be more professional and will be practical healthy competition and this profession will be more respectful and personal satisfaction to the stakeholders of insurance industry. As in other countries impress assurance will become popular as it is cost effective. I also foresee merger. Realizing immense advantages of merger Nepal's insurance companies will also be compelled to merge. (Pant, 2007)

2.3 Research Review

This section contains the review of related dissertations.

2.3.1 Review of Related Dissertations

The objective of review of previous studies is to gain knowledge about what the previous researchers have identified and recommended solving the existing problems in the field of insurance. The gist of reviewed studies is presented below.

Pokheral (2007) have conducted a research entitled "A Survey on status of the insured of life insurance in Pokhara sub-metropolitan city. The objective of the study was average annual income of insured, economic condition of insured's family like occupation, housing facilities, academic qualification of the insured and the relationship between the educational status and economic conditions of the insured. He conducted survey on Pokhara city to find out his objectives and major findings of the study were:

- Most of the respondents are migrated from different places of the country to study area.
- Most of male have done life insurance.
- Most of married people have done life insurance.
- Majority of the respondents, 78.77 percent are living in joint family and 21.23 percent respondents are living in nuclear family.
- Majority (82.88%) families have 4-8 family size, second majority (8.90%) families have 9 and above family size and 8.90 percent families have 1-3 members in a family.
- None of respondent are illiterate. Only educated person are the dominant customer of life insurance business.
- Majority of the respondents (96.58%) spends all money for the family and only 3.42 percent of respondents keep their saving in the bank.
- Majority (61.41%) of the respondents have annual family income of Rs.1,00,000 to 3,00,000. Likewise, 15.75 percent of the respondents have less than Rs. 1,00,000 and 22.60 percent of the respondents have more than Rs. 3,00,000 annual family income.

- The main occupation of the respondents are services which covers the 55.48 percent the form of skilled manpower, 28.08 percent respondents have business, 7.53 percent are engage in agriculture, 6.58 percent of respondents' occupation are from others.

- Males are the head of the family in the study area. Where the study area is male dominant area.

- Most of respondents are using public motor and then motorbike. Motorbike users are the dominant customer of life insurance business.

- Most of respondents are migrate from rural area to urban area. All the respondents want to migrate from rural to urban in search of infrastructure facilities.

- The housing facilities of the respondents are well in average.

- Existing problems of the respondents are lack of infrastructure facilities, earning opportunities, proper education and material for agriculture, government policy, political disputes and instability, and salaries scale.

- There is no discrimination with respect to the gender, caste, economy, occupation and so on among the insured of the study area and having the same most of the socio-economic-cultural practices, they have good and friendly relations with the other religious groups of the study area.

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

- Commercial Banks are offering current deposit, call deposit, saving deposit, fixed/term deposit and special deposits.

- Commercial Banks provide loans on broad areas of the industry, trading, consumer items and other activities Term Loan, working Capital loan, priority sector/deprived sector loan, Home loan, Hire Purchase loan, Educational loan, agriculture loan, foreign employment, loan against fixed deposit, first class bank guarantee loan etc. are the loan provided by them.

﹚ The interest rates are different in both loan and deposit of different commercial banks. Various other banking products and services are provided apart from regular deposit and investment work by commercial banks like ATM, ABBS, VISA Fund Transfer, Letter of credit, issuance of draft, foreign currency exchange etc.

﹚ Finance companies are providing different deposit schemes offering slightly higher interest rates to the deposit along with recurring deposit. Likewise they are offering loan and advance to the client in different sectors of the economy. Draft, Fax Transfer, Foreign Exchange etc are the other products provided by finance companies.

﹚ Co-operatives are also collecting deposit offering different deposit accounts to its member like saving, fixed and recurring. Loan is being disbursed to its members only.

﹚ Life and General insurance schemes are offered by different insurance companies to cover the un-predictable risk associated with personal and equipments.

﹚ Views of the respondents about the different financial institutions their products and the service offered is being analyzed and presented well.

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

﹚ Out of total number 94 percent and 95.28 respondents got in bargaining according to data through questionnaire and sellers self report respectively.

﹚ According to demographic characteristics middle age people have higher bargaining tendency than younger and old age people. Likewise, married and service-holder people have higher bargaining tendency than unmarried and other.(i.e. students, businessman, lecturers and others people respectively.)

﹚ Graduate respondents have higher bargaining tendency.

﹚ 70 percent of the respondents are found to feel bargaining is a problem.

﹚ In fancy shop buyers have higher bargaining tendency than in departmental store, provisional store and governmental stall.

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

Batajoo (2007) have conducted a research entitled "Consumer Behavior towards Buying cars in Kathmandu Valley". The objective of the study was to understand the consumer behaviour towards buying cars in Kathmandu valley, where to examine the market segmentation, to analyze factors & features influencing buying decisions, to study buying process & to find out brand awareness, customer satisfaction levels, effectiveness of promotional effects with the help of primary data and access the views of the customers about the buying behaviour . The major findings of the study were:

) Car buying decision influenced by friends & family, source of fund and different types of media.

) Cars buyers give more emphasis on feature of car whereas performance, Exterior, appearance and fuel efficiency.

) Television, Newspaper, previous users experience and radio/F.M. are main motivational factors for buyer.

) Markets are segment according to the profession, age, education level and source of fund of buyers.

) The major buyers are businessman & professionals, age above 35 years, educated and buying process takes place with bank & finance companies.

) On the buying process major buyers are come in showroom and spend time 15 minute to one hour, buyers are inquire about spare parts availability and than after sales service and buyers are test drive.

) The most of the customers are aware about aware financial technical aspects of the car.

) Majority of buyers are from family having monthly household income more than Rs.25,000.

) The majority of car owner's who first time car owners are.

) Most of the buying process takes place with bank and finance companies financing.

) Car buyers are use for personal and family member's use.

) The car owners' in Kathmandu valley seems to be satisfied from their car.

)   Most of the buyers are use the Hyundai, Opel, Ford and Maruti suzuki brand.

)   Majority of cars owners go at dealers' or authorized workshop for servicing of cars. Most of them are conscious of servicing requirement.

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

)   The majority of Indian people purchase furniture item i.e. wooden sofa, table, chairs, steel table, steel cup boards, the foreigners are most purchase the furniture item i.e. cane-made, wooden cupboards where both Indian and foreigners purchase the wooden beds, computer table, wooden TV tables.

)   The friends and sellers or sales persons are also seemed to be taken as important consultants' source in the choice of store, colour and design of the furniture.

)   Quality, price, durability, style/design and durability factors are show highly positive relationship between Indian people and foreigners for the choice of particular furniture.

)   Both Indian and foreigners people seemed to have give first priority to the quality of the furniture and the last priority to the stores/manufacturers of the furniture.

)   Both Indian and foreigner perceived cheaper price of Nepalese furniture the furniture.

)   The view of the Indian and foreigner are same about furniture style, brands/ manufacturers, lower durability, perception of finishing negative.

)   Majority of the buyers bargains while purchasing the particular furniture. But the number of Indian people involved in bargaining is high in comparison to foreigners.

)   The large number of Indian people and the majority of foreigners were not involved in bargaining because of their belier on sellers' expressed.

A research on "A Study on Personal Computers Buyer Behavior" was done by Palungwa (2003).The main objectives of this study was to understand the buyer behavior of computer user

where including level of buyers awareness about personal computer, brand preference of the buyers, purpose of buying, level of expenditure. The major findings of this study were:

∫ Higher the income more the buyers.

∫ Educated people are the prominent buyers of personal computer.

∫ Assembled computer is the most favored brand.

∫ Most of the people are willing to send more than Rs.35,000 in personal computers.

∫ The main purpose of buying computer is for personal and family use.

∫ The major factor affecting buying decision is quality of personal computer.

∫ The basic motivating factor is the buyers are motivated from selling computer is use condition.

∫ Personal computer is higher involvement product.

∫ Involvement in purchasing process of personal computer is dependent.

∫ Stores reputation is very significant to buyers of personal computers.

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

∫ The British Gurkhas choose foreign, Indian, Chinese and Nepalese brand of clothing whereas Nepali, Indian, Chinese and foreign brands of clothing by the local people respectively.

∫ Large number of purchase for clothing is made on half yearly basis except jacket by both people.

∫ Store name awareness of the local people for the clothing is relatively high in comparison to the British Gurkhas but it is low for the grocery products.

∫ Quality, Price, brand reputation, design and colour of the products are the criteria used for choosing clothing items but quality, price, brand reputation, producer's goodwill and

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services and reliability of store are the criteria used for choosing grocery products by British Gurkhas and Local people.

) The majority of the buyers bargain while purchasing the clothing. But, the number of local people involved in bargaining is high in comparison to the British Gurkhas.

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

) Some none of the above studies entitled **Consumers' Behavior Towards General Insurance Product:** has done before this so this research could be helpful to researcher, planner and for the further study in future.

CHAPTER III
RESEARCH METHODOLOGY

3.1   Background

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

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

3.2 Research Design

Considering the objective of the study explorative & descriptive to show and state the buyers behavior toward General Insurance Product. Table presentations are made in the required parts. Stratified samplings are adopted in the sampling process. The customers' information has been obtained from structure questionnaire.

3.3 Population & Sample

All the general insurance company and insurance product buyer (insured) are the population of the study. For the direct method, the sample respondents (insured) have been randomly selected trying to include all the possible range. For the indirect method the sample respondents (insurance company) selected systematically trying to represent of all the insurance company of Bhairahawa. Sample size for Stratified survey is taken of 200 buyer (insured) and four insurance companies.

People of diverse occupation are found in Bhairahawa for the purpose of incorporating diversified insured to make this study. Therefore, Bhairahawa city as been selected for the study. On the other hand general insurance business and consumer of their products are in huge numbers. Therefore, the sampling from this pool of insured would provide a reasonable basis to

explain the varying behaviour of consumers and would be a representative study to explain the behaviour of consumers towards general insurance product.

3.4 Nature & Source of Data

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

3.5 Data Collection Procedure

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

3.6 Data Analysis Tools

As the research is based on both explorative and descriptive research design, tabular, graphical presentation has been used. Table are constructed on the basis of the data collected from the customers and insurance companies. Regarding data analysis sample presentation and analysis technique are applied. Presentation has been made in the form of table and suitable statistical diagrams

The collected data are analyzed with the help of tabulation and suitable diagrams method.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation and Analysis

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

4.2 Insurance Companies opinion:

The survey was conducted in Bhairahawa city by taking four sample of General Insurance Company. Information is collected by using questionnaire, direct interview and conversations. And found the following results from the survey.

Major buyers of insurance product on the basis of rank :

Table 4.1   Major buyers of insurance product on the basis of rank

Customer \ Rank	1	2	3	4	5	6	Total	Rank order
Businessman	4	0	0	0	0	0	4	1
Professionals	0	0	4	0	0	0	4	3
Industrialist	0	0	0	3	1	0	4	4
Service holder	0	3	0	0	1	0	4	2
Bank	0	2	0	1	1	0	4	5
Other	0	0	0	0	0	4	4	6
Total	4	4	4	4	4	4		

Source: Field Survey, 2012.

From the survey result, we found that Business deserves first rank, Secondly service holder and then in third rank professionals, fourth is industrialist, fifth rank of Bank or Financial institution

and lastly other customer. In comparison to other, Businessman or business sector is major customer.

4.2.1 Academic qualification of customer :

Rank Qualification	1	2	3	4	5	Total	Rank order
Below S.L.C	0	1	3	0	0	4	3
Intermediate	4	0	0	0	0	4	1
Graduate	0	3	1	0	0	4	2
Post Graduate	0	0	0	2	2	4	4
Other	0	0	0	0	4	4	5
Total	4	4	4	2	6		

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

4.2.3 Products of the insurance company:

Product Name	No. of company	Results
Fire	4	
Motor	4	
Marine	4	
Engineering	4	
Aviation	4	
Misc.	4	

Among the sample of four companies located in Bhairahawa city, all the company offered similar product to the customer. The main products are Fire, Motor, Misc., Marine, Engineering, Aviation. All the company has similar product because of the Beema Samiti also categorizes to

all the Nepalese insurance company should have six compulsory products. Besides that if the companies want to offer different scheme Policy, for the customers can provide scheme product on the basis of compulsory products.

4.2.4 Scheme products (Policy) offered by different Insurance company:

Response	No. of company	Percentage
Yes	2	50%
No	2	50%
Total	4	100%

The sample size of four insurance companies, 50% or two company offered scheme policy to customer and 50% or two companies are not lunched any scheme policy. In scheme Policy the risk coverage area is unlimited. If stock insurance is done, customer will be benefited with staff accidental insurance, burglary and many more. In separate policy, it cover mention risk only for e.g. basic fire risk is cover that only compensation of loss by fire. Therefore scheme Policy is not popular in Bhairahawa city, only some companies are offered scheme Policy and they can need to publicize and advertise for this types of policy.

4.2.5 Companies are planning or not new scheme policy (Product):

Response	No. of company	Percentage
Yes	0	0%
No	4	100%
Total	4	100%

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

4.2.6   Most saleable product (policy) in the market:

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

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

4.2.7 Influence of the buying decision for the customers:

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

According to survey conducted among 4 companies. How customer influence of buying decision and the opinion of variables given by companies' rank basis. Most customer referred by the Bank or Financial institutions is of first rank, second is customers self decision, in third they influence by their friends and lastly by their relatives for buying decision. Therefore Bank or Financial institutions influence much to insure their property because there is a provision to take loan by using insurable collateral. Customer awareness is second influencing factor for buying decision.

4.2.8 Types of customer face by the Insurance Company:

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

On the opinion of insurance companies, which types of customer have been facing, companies classify the customer rank wise. They give the first rank to banking provision, second is self

conscious customer about security, third rank is given to those who have well economic status and fourth to those high income level. Therefore companies face more customers who use loan by Bank or financial institutions because of the compulsory provision of insurance. And in second customer consciousness about security and risk for their property secure.

4.2.9 Ways to expand insurance business in the market:

Rank / Variables	1	2	3	Total	Rank order
Conduction Awareness Program	1	3	0	4	2
Providing good service to customer	3	1	0	4	1
Research & Development new market area & new product	0	0	4	4	3
Total	4	4	4		

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

4.3 Customers' Opinion :

The first part of the questionnaire was based on respondents' profile to obtain information relating to the types of customer, their income level, education and profession, purchase types of product, purpose and many more. The data is collected from Bhairahawa city on the basis of

structured questionnaire. Respondents are selected on the basis of stratified sampling method. The respondents profile participated in this research are presented below.

4.3.1 Types of Customer:

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

Table 4.2
Types of Customer

Types of Consumer	No. of Customer	Percentage
Individual	106	53
Industrialist	8	4
Trader	66	33
Other	20	10
Total	200	100

Source: Field Survey, 2012.

From this table there are different types of customer. The largest group of respondents falls into the categories of individual customer. On the survey results out of 200, 53% are individual, 33% are trader, industrialist is 4% and other types of customer like Construction Company, Bank are only 10%. This indicates that the most motivated group of buyers is individual who insure their own vehicle, house, P.A. etc. After them traders are more active, they fall into insurance to insure their trader stock or business stock goods.

4.3.1.1 Age group of Individual Customers:

Table 4.3
Age group of Individual Customer

Age	Male		Female		Total	
	No.	%	No.	%	No.	%
20-30	17	19.8	5	25	22	20.75
30-40	46	53.5	6	30	52	49.06
40-50	21	24.4	6	30	27	25.47
50-Above	2	2.3	3	15	5	4.72
Total	86	100.0	20	100	106	100

Source: Field Survey, 2012.

From the survey result, out of 200, 106 respondents are individual customers. Where 86 are male and only 20 are female. Table 4.3 shows different age group of respondents which is self apparent i.e. 20-30, 30-40, 40-50 and above 50 years.

Out of 106 individual respondents, 20.75% of the respondents fall in to the age group of 20-30 years, 49.06% fall in the age group 30-40 years, 25.47% fall in the age group 40-50 years and rest 4.72% are of more than 50 years. Further it can be concluded that the 30-40 years is the most active buying age group as large number of the respondents. The average age of respondent is 36 years .

Calculation of average age of respondents

Let,   x = age group

m = mid-point

f = frequency

x = average age of respondents

Age group (x)	mid-point (m)	No. (f)	(f)*(m)
20-30	25	22	550
30-40	35	52	1820
40-50	45	27	1215
50 or above	55	5	275
Total		f =106	fm=3860

$$x = \frac{fm}{f}$$

$$= \frac{3860}{106}$$

$$= 36.42$$

Average age of respondents (x) = 36 years

4.3.1.2 Academic qualification of individual customers:

Table 4.4

Academic qualification of individual customers

Education	Male		Female		Total	
	No.	%	No.	%	No.	%
Below S.L.C	9	10.47	4	20	13	12.26
Intermediate	34	39.53	9	45	43	40.57
Graduate	23	26.74	5	25	28	26.42
Post Graduate	20	23.26	2	10.00	22	20.75
Total	86	100	20	100	106	100

Source: Field Survey, 2012.

According to the survey results, table 4.4 reflects the educational background of individual respondents. Among 106, 40.57% respondents are intermediate, 26.42% are graduate, 20.75% are post graduate, whereas only 12.26% is below S.L.C. So, we observed that most of the respondents have intermediate level of education are more active for buying insurance product than other education level.

4.3.1.3   Profession of individual customers:

Table 4.5

Profession of individual customers

Profession	Male		Female		Total	
	No.	%	No.	%	No.	%
Businessman	41	47.67	9	45	50	47.17
Service Holder	34	39.53	8	40	42	39.62
Industrialist	8	9.30	0	0	8	7.55
Dr./Eng./Teacher	3	3.49	3	15	6	5.66
Total	86	100	20	100	106	100

Source: Field Survey, 2012.

From the above table 4.5 out of 200, 106 individual buyers have their different profession and 47.17% respondents are the businessman, 39.62% respondents are service holder, 7.55% respondents are industrialist and 5.66% respondents are Dr./Engineer/ Teacher. From the observation most of the insured are businessman than other profession.

4.3.2 Annual income level of customers:

Table 4.6

Annual income level of customers

Income Level	No. of Customer	Percentage
Rs.1,00,000 - 2,00,000	38	19
Rs.2,00,000 - 5,00,000	86	43
Rs.5,00,000 - 1,000,000	48	24
Rs.1,000,000 – above	28	14
Total	200	100

Source: Field Survey, 2012.

The above table depicts annual income level of respondents. out of 200 respondents, largest group of respondents fall into the earnings categories of Rs.2,00,000 to Rs.5,00,000 which is 43% of the total followed by those earnings, 24% of the respondents have annual income Rs.5,00,000 to 1,000,000, 19% of respondents have annual income Rs. 1,00,000 to 2,00,000 and only 14% respondents have more than Rs.1,000,000. So, we concluded Rs. 2,00,000 to Rs. 1,000,000 income group are more active than other income level.

4.3.3 Use of innumerable property as a collateral to take loan

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

Table 4.7

Use of loan or not on collateral of insurable property

Response	No. of Customer	Percentage
Yes	156	78
No	44	22
Total	200	100

Source: Field Survey, 2012.

From above table 4.7, out of 200 samples, 78% respondents are using loan by using insurable collateral and only 22% respondents do not take loan by using of insurable collateral. Hence, the largest groups of respondents fall in to insurable collateral group due to the provision of Nepal Rastra Bank. They did not by consciousness but by force.

4.3.4 Types of insurance policy purchased by customers:

Table 4.8

Types of insurance policy purchased by customers

Types	No. of Customer	Percentage
Fire	58	29
Motor	76	38
Misc.	12	6
Engineering	8	4
Marine	4	2
Aviation	0	0
Fire, Motor	2	1
Fire, Misc.	24	12
Motor, Misc.	6	3
Motor, Fire, Misc.	10	5
Total	200	100

Source: Field Survey, 2012

Types of insurance policy purchased by customers in percentage that shown in figure
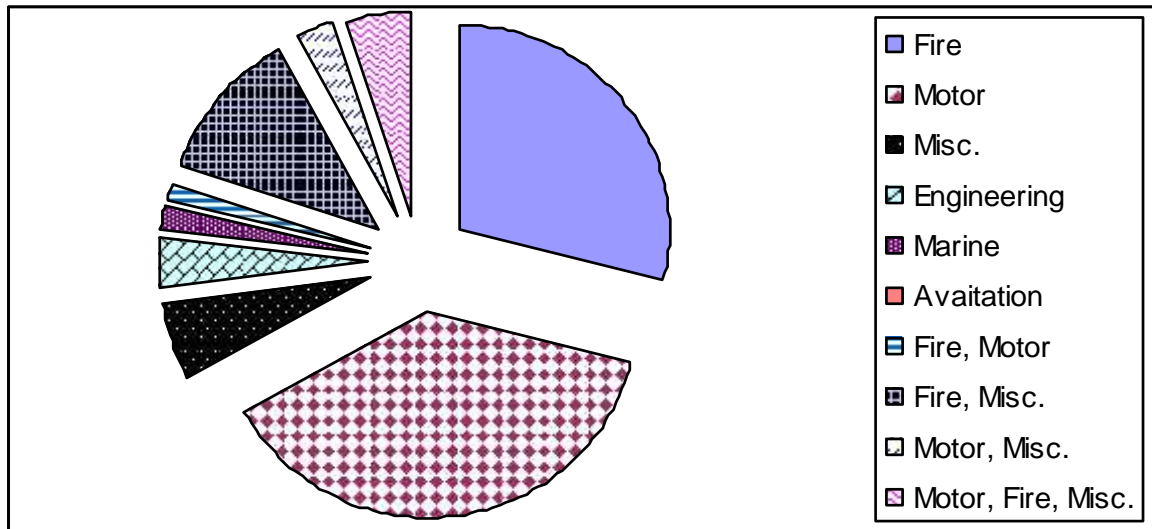
Figure1.3

From the above table 4.8 and figure 2, we observed that different types insurance policy and respondents purchased. Normally insurance product are Fire, Motor, Misc., Aviation, Marine and Engineering. Respondents bought separate policy and also purchased more than one policy

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according to their needs. 38% respondents buy the Motor Policy, 29% are buy Fire Policy, 6% respondents are buy Misc. Policy , 4% respondents are buy Engineering Policy, 2% respondents are buy Marine Policy and Aviation Policy is 0% percentage. 12% respondents buy Fire & Misc. Policy, 1% respondents buy Fire & Motor Policy, 3% respondents buy Motor and Misc. Policy, 5% respondents buy Motor, Fire, Misc. Policy. The majority of Motor Policy buyer is more than other insurance Policy and second is Fire insurance. But Aviation Policy does not exist in Bhairahawa because here are not central Airline companies.

4.3.5 Insurance policy purchased (Insured) by customer:

Respondents have bought insurance policy according to their need. Separate Policy only covers some specific risk but scheme Policy cover more risk on minimum premium. Given table shows the respondents of separate policy and scheme Policy.

Table 4.9

Insurance policy purchased by customer

Policy	No. of customer	Percentage
Separate Policy	192	96
Scheme Policy	8	4
Total	200	100

Source: Field Survey, 2012.

From above table 4.9 the majority of the respondents use separate policy. Where as 96% respondents are use separate policy and only 4% respondents use scheme policies. So, we see that separate policy buyers are more than scheme policy. Most of the companies did not offer any scheme policy, only some companies are provide scheme policy. So, customers also not well known about scheme policy because most of the insurance companies did not lunched scheme policy.

4.3.6 Property insured by customer on the basis of insurance policy:

Table 4.10

Property insured by customer on   the basis of insurance policy

Types	Insurable Property	NO. of Customer	Percentage
Motor	Private Vehicle	26	10.32
	Commercial Vehicle	50	19.84
	Motorcycle	16	6.35
Fire	Stock on Trade	50	19.84
	Building	34	13.49
	Industry /Industrial Goods	6	2.38
	Other property	6	2.38
Misc.	Property Burglary	30	11.9
	Personal Accident / Group P.A.	14	5.56
	Medical Insurance	2	0.79
	Bankers Blanket indemnity	6	2.38
Marine	Marin in Land (Goods)	4	1.59
Engineering	Contractor's plant & Machinery	8	3.17
Total		252	100

Source: Field Survey, 2012.

Respondents have added the combined respondents (Respondents who have purchase more than single policy) to separately on each type of business remained on combination. That's why, there are 252 responses shown in table from 200 respondents. The largest group of respondents buys Motor Policy than other types of policy. Group of respondents buy in Motor Policy; Private vehicle is 10.32%, commercial vehicle 19.84%, Motorcycle cover 6.35%. In Fire Policy; tock on trade cover 19.84%, Building is 13.49%, Industry and industrial goods cover 2.38%, other property cover only 2.38%. In Misc. Policy, stock on trade burglary cover 11.90% , Personal accident or group personal accident cover 5.56%, Medical insurance cover 0.79% and Bankers Blanket Indemnity which concern for Bank cash insurance, cover 2.38%. In Marine Policy; marine in land cover only 1.59% and Engineering Policy cover only 3.17%. Therefore the

majority of Motor Policy buys than other types of Policy. Then Fire Policy buyers seem more active to cover risk their Business stock and also Building than other insurance. In comparing to other Policies Motor and Fire Policies buyer insured their property.

4.3.7 Risk covered on insurable property:

Due to various risk associated with properly insurance policy is taken to reduce those risks. Some policies covered all the risks associated with assets and therefore, they are comprehensive policy. Similarly, some policies covered only partial risk and therefore, they are partial risk covered policies. Burglary, terrorism, five etc. are components of total risk. Further inclusion of third party risk in the policy is the different form of risk. Hence, various types of assets, risk coverage by these policies and number of customers among sample are presented on a table as follows:

Table 4.11

Risk Covered on insurable property

Types	Risk coverage	No. of Customer		Percentage
		Compulsory Risk	Additional Risk	
Motor	Comprehensive	92		36.5
	Third party coverage			
	Additional Coverage : RSD, Terrorism		70	
Fire	Basic fire	96		38.10
	Additional coverage : RSD, MD, Terrorism		26	
Misc.	Burglary (If Stock)	30		11.9
	Accidental (P.A. or G.P.A)	14		5.6
	Medical expenses	2		0.8
	BBI	6		2.4
Engine.	Basic Coverage	8		3.2
	Additional Coverage : RSD, Terrorism		8	
Marine	Basic Coverage	4		1.6
	Additional Coverage : RSD, Terrorism		4	
	Total	252	108	100

Source: Field Survey, 2012.

From the above table 4.11, in Motor Policy is comprehensive risk cover 36.50%, in Fire policy is basic fire cover 38.10 %, in Misc. Policy is burglary cover 11.90%, Accidental insurance (P.A or G.P.A) is 5.6%, medical insurance is 0.8% and Bankers Blanket Indemnity is 2.4%, in Engineering Policy basic coverage is 3.20% and Marine Policy; basic coverage is only 1.60%. In the additional coverage total 108 respondents cover the additional risk, where 70 respondents are in Motor, 26 are Fire, 8 are in Engineering and 4 respondents are cover Marine Policy. So, we conclude that basic coverage is compulsory and additional cover is optional. By this fact all the respondents do not cover the additional risk; but in Motor, Engineering and Marine insurance buyer cover also additional risk than other Policies.

4.3.8 Factors affecting for buying decision :

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

Table 4.12

Factors affecting for buying decision

Factors	No. of Customer	Percentage
Price	4	2
Service of Company	92	46
Contact	96	48
Media	8	4
Total	200	100

Source: Field Survey, 2012.

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

4.3.9 Purpose of insurance :

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

Table 4.13

Purpose of insurance

Purpose	No. of Customer	Percentage
For Banking purpose	30	15
For own Security & Banking both	122	61
Entirely for my own security	48	24
Total	200	100

Source: Field Survey, 2012.

From above table, out of 200 samples, 61% respondents fall in to largest group for insurance purpose for 'their own security and Banking provision'. 24% respondents are conscious about insurance and they do insurance themselves for their 'own security of their property' and 15% respondents do the insurance by the trap of 'Bank provision' but not willingly. The tendency towards the insurance is increasing not much willingly but forcely.

4.3.10 Decision maker for buying insurance policy :

Table 4.14

Decision maker for buying insurance policy

Source	No. of Customer	Percentage
Myself	106	53
Bank or Financial Institutions	72	36
Friends	18	9
Family Members	4	2
Total	200	100

Source: Field Survey, 2012.

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

4.3.11 Customers' view about importance of insurance on the basis of rank

Table 4.15

Customers' view about importance of insurance on the basis of rank

Rank Variables	1	2	3	4	Total	Rank order
Security & Safety	178	18	4	0	200	1
Purpose of Bank or Financial institutions (for loan)	10	16	56	118	200	3
Settlement of compensation	8	38	108	46	200	4
Securities for loss	4	128	32	36	200	2
Total	200	200	200	200		

Source: Field Survey, 2012.

Customers have given rank wise importance of insurance. Out of 200, 178 respondents have given first rank to 'security and safety', 128 respondents have given second rank to 'security for loss', 118 respondents have given third rank to 'purpose of Bank or Financial institutions' and 108 have given fourth rank to the 'settlement of compensation'. From the survey, we found that customer have given priority for their 'security and safety' and second is 'security for loss'. Loan purpose that means they have to insure before taking loan by the compulsory provision.

4.3.12 Customers preference to the insurance company:

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

Table 4.16

Customers preference to the Insurance Company

Factors	No. of customer	Percentage
Good Service	40	20
Relationship	88	44
Preferred by the Bank or Financial institution	46	23
Goodwill of the Company	16	8
Good service, Goodwill of the Company	2	1
Good service, Relationship	8	4
Total	200	100

Source: Field Survey, 2012.

From the above table 4.16, out of 200 respondents give their opinion about the preference to select insurance company. Largest group of respondents fall in to 'relationship', 44% fall in this group, 23% respondents preferred on the basis of 'Bank or Financial institutions' when they took loan. 20% respondents preferred based on 'Good service' of Company , 8% respondents preferred 'goodwill' of the company, 4% respondents preferred by their 'good service and relationship' and rest of them 1% respondents prefer them by their 'good service of company' and 'goodwill of the company'. According to this opinion we obtained conclusion that most of the respondents select by their relationship with insurance companies marketing staff or agent.

4.3.13 Expectation from insurance company:

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

Table 4.17

Customers expectation from Insurance Company

Variables	No of Customer	Percentage
Cheaper Price	2	1
Quick Claim Settlement	38	19
Efficient Service	106	53
Friendly Behavior	4	2
All of the above	50	25
Total	200	100

Source: Field Survey, 2012.

From above table 4.17 out of 200 samples, most of the respondents expect 'efficient service' concerned with quick claim settlement, low premium, easily available policy etc. which cover 53%. 25% respondents expect all given options which is 'cheaper price', 'quick claim settlement', 'efficient service' and 'friendly behavior'. 19% respondents expect 'quick claim settlement' concern with compensation. 2% respondents expect 'friendly behavior' and rest 1% respondents expect 'cheaper price'. From this observation customers main expectation is 'efficient service' and than 'quick claim settlement' for compensation.

4.3.14 Customers transaction period of insurance:

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

Table 4.18

Customers transactions period of insurance

Time	Customer	Percentage
From Last Year	54	27
From last 3 years	102	51
From last 6 years	38	19
From Last 6 year to above	6	3
Total	200	100

Source: Field Survey, 2012.

According to the table out of 200 respondents, we found that 51% or 102 customers insured their property from last 3 years, secondly 27% insured from last year, 19% were insured from last 6 years and 3% were insured from last 6 years and above. From this facts majority of customers insured from last 3 years.

4.3.15 Claim made or not for compensation:

Table 4.19

Claim made or not for compensation

Response	No. of Customer	Percentage
Yes	74	37
No.	126	63
Total	200	100

Source: Field Survey, 2012.

From above table out of 200 samples, 37% respondents fall in to claim and largest group of respondents 63% do not fall in to claim. Therefore all the insured do not fall in claim but only few number of customers bear loss from any risk because to achieved compensation.

4.3.15.1 Experience of customer during claim settlement procedure:

Table 4.20

Experience of customer during claim settlement procedure

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

Source: Field Survey, 2012.

According to the survey results out of 200 respondents only 74 respondents claimed in insurance company for achieve compensation. The largest number of respondents experienced easy claim settlement procedure which is 75.68%. 13.51% feel uneasy and only 10.81% respondents feel very easy. Hence we conclude that the claim settlement procedure is easy and few numbers of respondents experienced uneasy.

4.3.15.2 Period for claim settlement:

Table 4.21

Period for claim settlement

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

Source: Field Survey, 2012.

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

4.3.15.3 Satisfaction level of claim settlement procedure:

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

Table 4.22

Satisfaction level of claim Settlement procedure

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

Source: Field Survey, 2012.

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

4.3.15.4 Customers view about compensation:

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

Table 4.23

Customers view about compensation

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

Source: Field Survey, 2012.

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

4.3.16 Value of insurable property:

Table 4.24

Value of insurable property

| Categories	Value	No. of Customer	Percentage
Motor	Below Rs. 3,00,000	20	7.94
	Rs.3,00,000 - 1,000,000	34	13.49
	Rs.1,000,000 - 2,000,000	36	14.29
	Rs.2,000,000 - above	2	0.79
Fire	Below Rs. 1,000,000	30	11.90
	Rs.1,000,000 - 3,000,000	36	14.29
	Rs.3,000,000 - 6,000,000	18	7.14
	Rs.6,000,000 - above	12	4.76
Misc.	Below Rs. 5,00,000	16	6.35
	Rs.5,00,000 - 1,000,000	10	3.97
	Rs.1,000,000 - 2,000,000	6	2.38
	Rs.2,000,000 - above	20	7.94
Marine	Rs.1,000,000 - 2,000,000	2	0.79
	Rs.2,000,000 - above	2	0.79
Engineering	Rs.6,000,000 - above	8	3.18
	Total	252	100

Source: Field Survey, 2012.
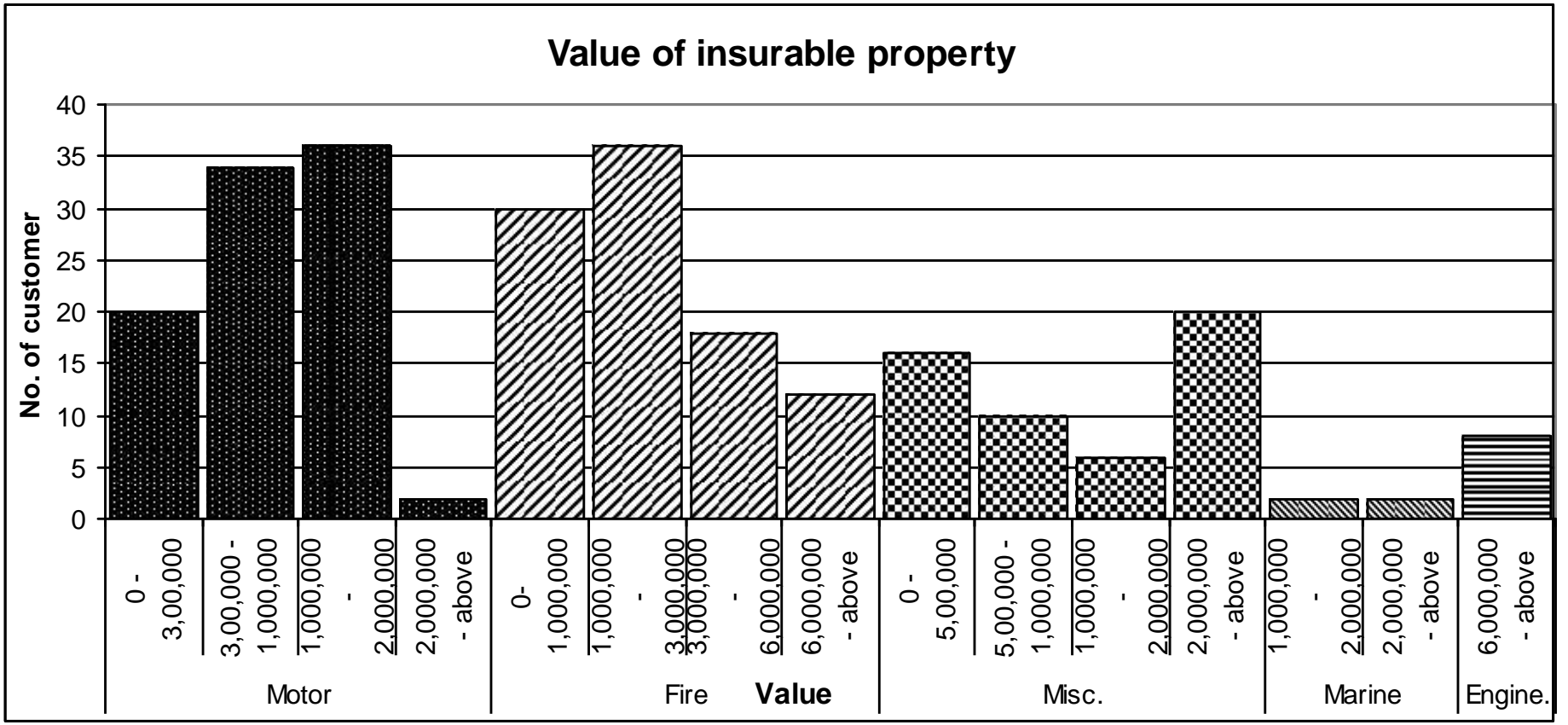
Figure1.4

From the data on above table shows in terms of value of insurable property. For Motor Policy out of 252 sample the value is below Rs. 3,00,000 number of respondents are 7.94%, Rs.3,00,000 to 1,000,000 is 13.49%, Rs.1,000,000 to 2,000,000 is 14.29% and above Rs.2,000,000 is only 0.79%. In Fire Policy below Rs.1,000,000 is 11.90%, Rs.1,000,000 to 3,000,000 is 14.29%, Rs.3,000,000 to 6,000,000 is 7.14% and above Rs.6,000,000 is only 4.76%. In Misc. Policy the value of insured amount is below Rs.5,00,000 is 6.35%, Rs.5,00,000 to 1,000,000 is 3.97%, Rs.1,000,000 to 2,000,000 is 2.38% and above Rs.2,000,000 is only 7.94%. In Marine Policy the value of insurance is Rs.1,000,000 to 2,000,000 is 0.79% and above Rs.2,000,000 is 0.79%. In Engineering Policy the value is Rs.6,000,000 is 3.18%. So, we conclude that the Motor insurance value Rs.1,000,000 to 2,000,000 which shown as the more buyer insured. In Fire insurance the majority of value is Rs.1,000,000 to 3,000,000, Misc. insurance the value is above Rs. 2,000,000, Marine is normally Rs.1,000,000 to Rs.2,000,000 above Rs.2,000,000 . And the Engineering is above Rs. 6,000,000.

Premium expenditure level of customers :

The researcher took response on how much respondents are ready to spend money in insurance Policy which is shows in table 4.25.

Table 4.25
Premium expenditure level of respondents

| Categories	Expenditure(Insurance charge)	No. of Customer	Percentage
Motor	Rs.2,000 - 10,000	25	9.92
	Rs.10,000 - 20,000	23	9.13
	Rs.20,000 - 30,000	28	11.11
	Rs.30,000 - above	16	6.35
Fire	Rs.5,00 - 10,000	70	27.78
	Rs.10,000 - 20,000	10	3.97
	Rs.20,000 - 30,000	8	3.17
	Rs.30,000 - above	8	3.17
Misc.	Rs.5,00 - 10,000	38	15.08
	Rs.10,000 - 20,000	6	2.38
	Rs.30,000 - above	8	3.17
Marine	Rs.10,000 - 20,000	4	1.59
Engineering	Rs.30,000 - above	8	3.18
	Total	252	100

Source: Field Survey, 2012.
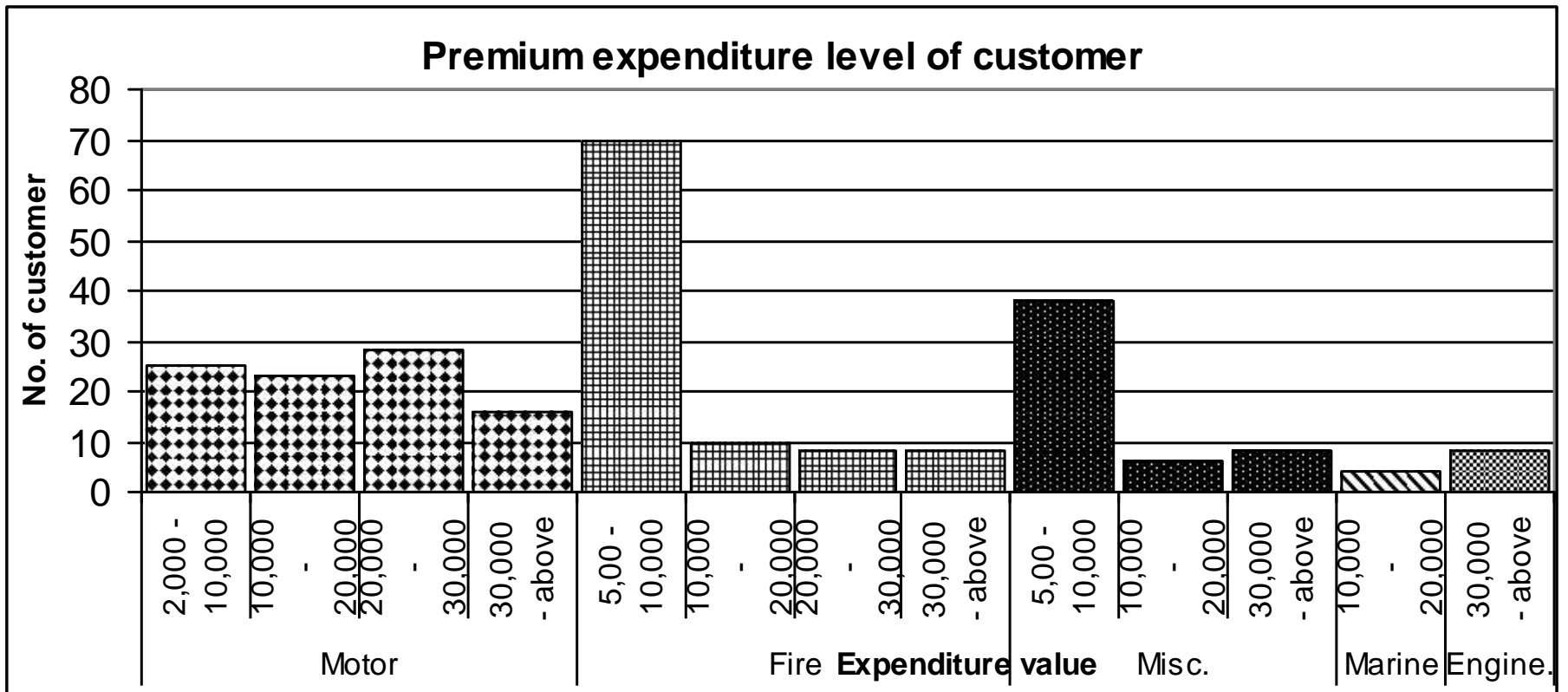
Figure1.5

When opinion survey was taken to respondents to their expenditure for insurance. Give table shows types of insurance Policy and majority of premium expenditure status. Out of 252 in Motor Policy 11.11% respondents paid expenditure of Rs.20,000 to 30,000, 9.92% are of Rs.2,000 to 10,000, 9.13% are of Rs.10,000 to 20,000 and only 6.35% respondents are of Rs.30,000 to above. The majority of the respondents' expenditure on Fire Policy is Rs.5,00 to 10,000 by 27.78% respondents, 3.97% paid Rs.10,000 to 20,000 and Rs.20,000 to 30,000 or above is 3.17% respondents. In Misc. Policy the status of premium expenditure level is 15.08% who paid Rs.5,00 to 10,000 is largest respondents. 3.17% respondents paid Rs.30,000 to above and 2.38% respondents only paid Rs.10,000 to 20,000. In Marine Policy according to the survey result the majority of Marine Policy is minimum number and the premium expenditure status is basically Rs.10,000 to 20,000 which is in total 1.59%. In Engineering Policy the largest amount is paid by respondents which is 3.18% expenditure above Rs.30,000. Hence from the observation the status of premium expenditure level in Motor Policy is Rs.20,000 to 30,000, in Fire Policy Rs.5,00 to 10,000, in Misc. Policy is Rs.5,00 to 10,000, Marine Policy is Rs.10,000 to 20,000 and Engineering is above Rs.30,000.

4.4 Major Findings

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

4.4.1   Insurance Companies Opinion:-

The followings are extracted as the findings from the insurance companies' opinion:

1.   The majority of the buyers are Businessman deserves first rank, second rank by Service holder, third by Professionals and then Industrialist, Bank and others respectively.

2.   The majority of the buyers' academic qualification is intermediate, second position is graduate, third below S.L.C. and post graduate.

3.	The majority of large group of respondents those who take loan by putting insurable collateral necessary for insurance according to the Bank or Financial institutions' provision.

4.	In the market, the most saleable product is Motor Policy and Fire Policy then Misc., Engineering and Marine Policy. Aviation policy does exist in Bhairahawa city because here are not central Airlines.

5.	Types of customer faced by insurance company who use loan from Bank or Financial institutions is the first rank and who are self conscious about security of second rank and other are having well economic condition, high level of income .

6.	 Bank or financial institutions, customer himself, costumers' relatives and friends are the major influencing factors for buying decisions. Among them Bank or Financial institutions influence many customers. Other factors; costumer himself, costumers' relatives and friends also influence for buying decision.

7.	Insurance Business is the service oriented business. If companies are able to provide good service for customers about insurance related service, they can grow or expand insurance business. To promote the insurance business awareness program is necessary. In other hand new 'research and development' must be done to explore new market and product.

4.4.2 Customers'(Insured) Opinion:

The followings are extracted as the findings from the customers'(insured) survey:

1.	The major buyers of insurance products are individual, industrialist, trader and other types like school, Construction Company, NGO, INGO. The majority of customer falls into individual customer which is 53%, and second trader which is 33% then other types of customers.

2.	The majority is of individual customer. Out of 106 only 20 are female and 86 are male and they have different age group. The age groups between 30-40 years are more active customer than other age group.

3.	In individual customer they have different academic qualifications. Among them large number is of intermediate which covers 40.57% and graduate than other types of academic qualification.

4.	Individual customer have different profession .The majority is of businessman which cover 47.17% and then service holder which cover 39.62%

5.	 Different types of customer have different income level. Most of the customer have annual income Rs.2,00,000 to Rs.5,00,000 which cover 43% of the total and 24% have Rs. 5,00,000.00 to Rs. 1,000,000.00. Those who have sound income level are more active for insurance.

6.	Out of 200 samples, 78% customers use loan from Bank or Financial institutions by using of insurable collateral and only 22% do not use. Loan users are more motivated for buying insurance product.

7.	Motor policy is purchased by most of the customer and then Fire Policy. Customer purchased more than one policy according to their need. 38% customers purchased Motor Policy, 29% purchased Fire Policy and Fire & Misc. Policy by 12% respondents. These policies have majority than other types of insurance policies like Engineering, Marine, etc.

8.	The majority of the respondents fall into purchased separate Policy by 96% and only 4% purchased scheme Policy. In Scheme Policy cover more risk and separate Policy only cover mention risk.

9.	In Motor insurance; private vehicle, commercial vehicle, and motorcycle are insurable property. Commercial vehicle insurance buyer are more than other vehicle, which cover 19.84%, In Fire insurance; include stock on trade, building, industrial goods, industry and other properties. Stock on Trade insurance holder is more than other property which cover 19.84%. Misc. Policy cover Business stock

Burglary, Personal Accident, Group Personal Accident, Medical insurance, Bankers Blanket Indemnity. Largest group of customer cover Stock on Trade burglary than other. In Marine policy only cover marine in lands (Goods) and Engineering insurance cover Constructions plant and Equipment.

10. Factors affecting for buying decision of customers to the insurance product are contact, service of company, price and media. Among them many customer insured by contact (48%) and then by service of company (46%).

11. The customers purchase insurance product for so many purposes. The largest number of customers fall into 'own security and also Bank or Financial institutional' purpose, conscious about security is growing so customer entirely insure for their own security.

12. Most of the respondents decide themselves for insurance. And for this Bank or Financial institutions also play the role.

13. The majority of respondents feel, the importance of insurance is 'security and safety' and second majority is 'security against loss', third majority is the 'purpose of Bank or Financial institution' to take out the loan from them. Last important factor is settlement of compensation.

14. The Majority of the customers prefer is through relationship with the insurance companies and Bank or Financial Institutions also. Other factors don not play much significant role.

15. The expectation of the customers towards the insurance is their efficient service which 53% customers. Other expectations are quick claim settlement, cheaper price, and friendly behavior.

16. The majority of customer did not make claim, only 37% customers claimed.

17. Different customers have different experience during claim settlement procedure but majority of them feel easy and few number of respondents experienced uneasy.

18.   When the customers claimed, the normal time for claim settlement is 30 days to 45 days.

19.   The majority of customers' satisfaction level is satisfied. Some customers are highly satisfied and some are also dissatisfied.

20.   When the customers claimed for the loss, compensation amount is below the actual loss and remaining loss has to bear by the customer themselves.

21.   The value of insurable property is different. In Motor insurance the value, most of the customer insured is Rs.1,000,000 to Rs. 2,000,000 which cover 14.29%. In Fire is Rs. 1,000,000 to Rs.3,000,000 which cover 14.29%. In Misc. insurance above Rs. 2,000,000 which cover 7.94%. In Marine the value of insurable property is Rs. 1,000,000 to above Rs. 2,000,000 and in Engineering Insurance normally above Rs. 6,000,000.

22.   The customer expenditure to purchase insurance policy is different Policy wise. In Motor insurance is   11.11% expenditure Rs. 20,000 to Rs.30,000, in Fire insurance 27.78% expenditure Rs.5,00 to Rs. 10,000. In Misc. insurance 15.08% expenditure Rs. 500 to Rs. 10,000., in Marine insurance 1.59% expenditure Rs. 10,000 to Rs. 20,000 and in Engineering insurance 3.18% expenditure above Rs. 30,000. These are main largest groups in terms of expenditure for insurance.

CHAPTER V
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1   Summary

The market is created by consumer. Without customer we can't operate any business activities. So, consumer is the king of business. The success and failure of any business depend on the behavior of consumer. Therefore, without doubt, we can say that all the manufacturers and marketers of the product and service depend on consumer. Those who understand the consumer's behavior can achieve great advantage in the market place. So, business organizations must understand the consumer buying behavior for their long term survival in today's changing and competitive business environment. But, understanding consumers' behavior is become more complicated. It requires regular efforts of investigation and exploration about consumers. But in Nepalese business organizations, investigation and exploration about consumer behavior are rare or absent.

Therefore, in such circumstances, an attempt has been made to study about buyers' behavior towards general insurance product taking the Bhairahawa as a model city. The buying behavior of buyers towards general insurance product have been studied focusing on the following objectives: Main buyers and their features, most selective insurance product type, major factor affecting buying decision, impact of claim settlement and status of insurable value and expenditure on insurance product by the buyer.

5.2   Conclusions:

1.   The majority of the trader and individual customers are major buyer of insurance product as well as industrialist, Bank and other types of customers also buy it. Traders insure business stock or goods, individual insured building, vehicle, P.A., G.P.A etc. In terms of insurance consumers related to Bank and industry are less than trader and individual customer.

2.   The majority of the buyers' academic qualification is intermediate who fall to buy insurance product. It indicates that, insurance product buyer need not high level of education.

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

4.   Different types of customer have different income level. Who feel secure own self and also have good income level, buy insurance product. Those who have sound income level are more active for insurance.

5.   The majority of customers' respondents those who take loan by putting insurable collateral necessary for insurance according to the Bank or Financial institutions' provision for investment secure.

6.   The majority of the customers buy Motor Policy and Fire Policy than other types of Policy. More than one policy are bought by the customer according to their need. Aviation Policy is not bought by any customer because all Airlines Companies are directly concerned with head office. Other types of Policy like Misc., Engineering and Marine are bought by minimum number of buyer. So, Bhairahawa is the major area for motor and fire insurance business.

7.   In the Motor insurance, the majority of commercial vehicles is insured by the large number of customer as well as in Fire insurance; stock on trade or goods were also insured by many customers.

8.   Factors affecting for buying decision of customers to the insurance product are contact, service of company, price and media. Among them many customer insured by contact and then by service of company. Insurance companies marketing staff are direct contact to insurance business area and Bank or Financial institutions that have provision for investment secure they insured on insurable property. But price and media do not affect for buying decision.

9. The customers purchase insurance product for so many purposes. The largest number of customers fall into 'own security and also Bank or Financial institutional' purpose, conscious about security is growing so customer entirely insure for their own security.

10. Most of the respondents decide themselves for insurance. And for this Bank or Financial institutions also play the role because they have compulsory provision for secure investment.

11. The majority of respondents feel the importance of insurance is 'security and safety' and second majority is 'security against loss', third majority is the 'purpose of Bank or Financial institution' to take out the loan from them. Last important factor is settlement of compensation. From this insurance is most important for security and safety.

12. The Majority of the customers prefer is through relationship with the insurance companies. Other factors don not play much significant role.

13. Insurance business has not reached all the level of the people. Mostly insurance companies provide good service for customer; it should be expanded, also need to conduct awareness program and company should create secure about the importance of insurance.

14. To cover market area, company should need to research and development for finding new market area and also need to explore new product development.

15. The expectation of the customers towards the insurance is their efficient service. Other expectations are claim settlement, cheaper price, friendly behavior from customers.

16. Different customers have different experience during claim settlement procedure but majority of them feel easy and few numbers of respondents experienced uneasy.

17. When the customers claimed for the loss, compensation amount is below the actual loss and remaining loss has to bear by the customer themselves. It is clear that all the losses compensation is not provided by the company.

18. The value of insured property and expenditure level for different product is different. Premium can be determined on the basis of value of property and the types of risk. If there is high risk it charges high premium and if low risk then it charges minimum premium.

5.3   Recommendations

Every business sector needs to understand buyers' behavior. Without understanding consumers' behavior the marketers and manufacturers do not get success in the market as well as they could not achieve organizational goals. Therefore following recommendations are proposed by this study:

1. Since majority of the trader and individual basically who is Businessman, only insured. Companies should spray the importance of insurance for all types of people like individual human, professionals, industrialist, constructions company, NGO, INGO to insure their property.

2. The majority of businessman insured their stock on trade or goods and service holders buy more insurance product than other. So it is necessary to include other types of customer to increase the selling rate.

3. Motor Policy and Fire Policy are more saleable in the market. Insurance company need to expand or focus to sale other products like Misc., Engineering and Marine. Company should give message in the market that insurance is very important and beneficial for all people and property. P.A., G.P.A, Medical insurance are very important for individual life which is necessary for secure. Insurance companies should create awareness and eagerness to the importance of insurance.

4. The customer who use loan from Bank or Financial institutions by putting insurable collateral, fall in insurance. Besides that companies need to conduct conscious program to inform general people that insurance is equally and ultimately useful to all for their security of life and property.

5. All the insurance companies need to explore and offered Policy to give more benefits for the customers.

6. Government should formulate such rules and regulations which promote insurance market and motivate public to insured.

7. All the insurance companies focus only limited business houses. They should need to find out new market place which covers more marketing area of insurance business and welfare for all customers and their property.

8. Insurance companies need to provide good service form insurance related service to the customers. They have to remove negative perception about insurance. So, to change this existing perception they should provide good service to the insured customer.

9. Customers are feeling uneasy about the process of claim settlement, companies need to improve lengthy procedure to compensate customer ultimately and effectively. They should try to compensate completely of actual loss.

10. Insurance companies are only focusing insurance related business. Companies are not conducting other promotional activities. Therefore company should conduct other effective promotional activities i.e. advertisement, public orientation etc. which establish the feeling 'property is itself not enough, it's sustainability and security is also essential to live qualitatively.'

11. Finally, it is suggested to the scholars and the researcher to conduct about the psychological effect toward general insurance service with taking large sample.

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Appendices –A

Questionnaire for the Respondents (insured)

I would like request you to participate in this survey tiled **CONSUMERS' BEHAVIOR TOWARDS GENERAL INSURANCE PRODUCT : A STUDY IN BHAIRAHWA CITY.** I am a student of Bhairahawa Multiple campus, Rupandehi doing consumer survey for my master's thesis work.

This questionnaire is for the research purpose. Your information will be kept much confidential and I request all the respondents to be very much loyal on their opinion. We greatly appreciate your co-operation in expressing your views.

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Respondent's Profile
Name/(Firm)     :…………………………………….
Address         :  ……………………………….
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1.   *Do you Purchase General Insurance Policy (Product)?*

   i. Yes   [   ]   ii. No   [   ]

2.   *Types of Customer ……….*

   i. Individual   [   ]   ii   Trader   [   ]

   iii. Industrialist   [   ]   iv.   Other (Please Specify)…………………

3.   *If individual…………*

   i.   Male   [   ]   ii.   Female   [   ]

4.   *Age group (Years)………….*

   i.. 20-30   [   ]   ii. 30-40   [   ]

   iii. 40-50   [   ]   iv. Above 50   [   ]

5.   *Academic qualification*

   i. Below S.L.C.   [   ]   ii. Intermediate   [   ]

   iii. Graduate.   [   ]   iv. Post Graduate   [   ]

6.   *Profession…………………*

   i. Businessman   [   ]   ii. Service Holder   [   ]

   iii. Industrialist   [   ]   iv. Dr./Engi/Teacher [   ]

   v. Other ……….

7.   *You/ Your Firms' annual Income Level …..*

   i. Rs.1 Lakh to 2 Lakh [   ]   ii.Rs.2 Lakh to 5 Lakh [   ]

   iii. Rs.5 Lakh to 10 Lakh[   ]   iv .More than 10 Lakh [   ]

8. *Which insurance policies have you purchased?*

i. Fire   [   ]   ii. Motor   [   ]

iii. Marine   [   ]   iv. Misc.   [   ]

v. Engineering   [   ]   vi. Aviation   [   ]

9. *Class of Insurance..*

Motor Insurance

i. Private Vehicle   [   ]   ii. Coummercial vehicle [   ]

iii. Motorcycle   [   ]   iv. Other (Please Specify)…….

Fire Insurance

i. Stock on Trade   [   ]   ii. Building   [   ]

iii. Industry   [   ]   iv. Industrial goods   [   ]

v. Office/ House hold Property   [   ]   vi. Other Scheme policy ……………….

vii. Other (Please Specify) ………………

Misc. Insurance

i. Property Burglary   [   ]   ii. Personal Accident   [   ]

iii. Group P.A.   [   ]   iv. Medical Insurance   [   ]

v. Cash in Valt/Save   [   ]   vi. Cash in Transit   [   ]

vii. Bankers Blanket Indemnity [   ]   viii. Other Scheme Policy (Please Specify)

Marine Insurance

i. Marine in Land (Goods…)   [   ]   ii. Marine by Air (Goods…..)   [   ]

iii. Marine in Cargo   [   ]   iii. Other please specify………………………

Engineering Insurance

i. Contractor's Plant & Machinery[   ]   ii. Contractor's All Risk   [   ]

iii. Electronic Equipment   [   ]   iv. Machinery Insurance   [   ]

10. *Types of Risk Coverage On the policy :*

Motor :-

i. Comprehensive   [   ]   ii. RSD,MD,Terrorism   [   ]

iii. Third party   [   ]   iv. Other (Please Specify)…………………

Fire :-

i. Basic Fire   [   ]   ii. RSD,MD,Terrorism   [   ]

iii. Other (please mention the types of risk)……………………………..

Misc:-

i. Burglary (If stock)   [   ]   ii Accidental only (if GAP or PA)[   ]

iii. Medical expenses(if medical insurance)[　　　]iv. if other please mention………………

Engineering

i. Basic Coverage　　　　　　[　　　]　　　ii. RSD, MD, Terrorism　　　[　　　]

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

Insurance Policy　　　　　:………………………………………..

Insured Property　　　　　:……………………………………….

Types of Risk Coverage :………………………………………..

11. *Value of insurable property:*

Motor:-

i.　Below Rs.3Lakh　　　　[　　　]　　　ii.Rs.3 Lakh to Rs.10 Lakh　[　　　]

iii.Rs.10 lakh to Rs. 20 Lakh　[　　　]　　　iv. Above Rs. 20 Lakh　　　[　　　]

Fire:-

i. Below Rs.10 Lakh　　　　[　　　]　　　ii. Rs.10 Lakh to Rs. 30 Lakh　[　　　]

iii. Rs.30 lakh to Rs.60 lakh　[　　　]　　　iv. Above Rs.60 lakh　　　[　　　]

Misc :-

i. Below Rs.5 Lakh　　　　[　　　]　　　ii. Rs.5 Lakh to Rs.10 Lakh　[　　　]

iii. Rs.10 Lakh to Rs.20 Lakh　[　　　]　　　iv. Above Rs. 20 lakh　　　[　　　]

Marine :-

i. Below Rs.5　Lakh　　　　[　　　]　　　ii.Rs. 5 Lakh to Rs. 10 Lakh　[　　　]

iii. Rs.10 lakh to Rs. 20 lakh　[　　　]　　　iv.Above Rs.20 lakh　　　[　　　]

Engineering :-

i. Below Rs.10 Lakh　　　　[　　　]　　　ii. Rs.10 Lakh to Rs.30 Lakh　[　　　]

iii. Rs. 30 lakh to Rs.60 lakh　[　　　]　　　iv. Above Rs. 60 lakh　　　[　　　]

12. *Premium Paid Level (Rupees):*

Motor:

i.2,000 To 10,000　　　　[　　　]　　　ii. 10,000 To 20,000　　　[　　　]

iii.20,000To 30, 000　　　[　　　]　　　iv. Above 30,000　　　[　　　]

Fire:

i.5,00　To　　　10,000　　[　　　]　　　ii.10,000 To　　20, 000　[　　　]

iii.20,000 To　　30,000　　[　　　]　　　iv. Above 30,000　　　[　　　]

Misc.:

i.5,00　To　　　10,000　　[　　　]　　　ii. 10,000 To　　20, 000　[　　　]

iii. 20,000 To　　30,000　　[　　　]　　　iv. Above 30,000　　　[　　　]

Engineering:

i. 5,00 To 10,000 [ ] ii. 10,000 To 20, 000 [ ]

iii.20,000 To 30,000 [ ] iv. Above 30,000 [ ]

Marine:

i. 5,00 To 10,000 [ ] ii. 10,000 To 20, 000 [ ]

iii. 20,000 To 30,000 [ ] iv. Above 30,000 [ ]

13. *From when you are buy insurance policy?*

i. form last year [ ] ii 1 to 3 years [ ]

iii. 3 to 6 years [ ] iv. Above 6 years. [ ]

14. *What are the factors affecting buying decision?*

i. Price [ ] ii. Service of company [ ]

iii. Contact [ ] iv. Media [ ]

15. *Have you taken any loan by putting insurable collateral?*

i. Yes. [ ] ii. No. [ ]

16. *What is the purpose of insurance?*

i. For Banking purpose (Loan Disbursement) [ ]

ii. For own security and banking both. [ ]

iii. Entirely for my own security [ ]

17. *Please mention who plays the main role for your insurance?*

i. Yourself [ ] ii. Bank or Financial Institutions [ ]

iii. Friends [ ] iv. Family members [ ]

18. *Please rank 1,2,3 & 4 on the basis of priority of insurance*

i. For Security & Safety [ ]

ii. For purpose of banking security [ ]

iii. Settlement of compensation [ ]

iv. Security for loss [ ]

19. *Do you claim in insurance company?*

i. Yes [ ] ii. No. [ ] (if no. go Q.N.24)

20. *How did you feel procedure of claim settlement?*

i. Very easy [ ] ii .Easy [ ]

iii. Uneasy [ ] iv. Very uneasy [ ]

21. *How long it took for your claim settlement?*

i. Below 15 days. [ ] ii.15 days to30 days [ ]

iii. 30 days to 45 days [ ] iv. Above 45 days [ ]

22. *What is your satisfaction level of claim procedure to settlement?*

i. Highly Satisfied [ ]   ii. Satisfied [ ]

iii. Unsatisfied [ ]   iv. Highly unsatisfied [ ]

23. *What is the view about compensation provided by the company?*

i. Fair and complete settlement [ ]

ii. Below the actual loss [ ]

iii. Far below the actual loss. [ ]

24. *Are you continuing your insurance policy?*

i. Yes [ ]   ii. No. [ ]

(If No) Please specify……………………………………………

25. *In which company have you made your property insurance?*

Please Write Company's Name……………………………………………………

26. *Why you are preferred this company?*

i. Good Service [ ]

ii. Relationship [ ]

iii. Preferred by the bank and financial institution. [ ]

iv. Goodwill of the company [ ]

27. *What do you expect from insurance company?*

i. Cheaper price [ ]   ii. Quick claim settlement [ ]

iii. Efficient Service [ ]   iv. Friendly Behavior [ ]

vi. All of above [ ]

Thanks for Your Kind Cooperation

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Appendices –B

Questionnaire for the Insurance Company

I would like request you to participate in this survey tiled **CONSUMERS' BEHAVIOR TOWARDS GENERAL INSURANCE PRODUCT : A STUDY IN BHAIRAHWA CITY.** I am a student of Bhairahawa Multiple campus, Rupandehi doing consumer survey for my master's thesis work.

This questionnaire is for the research purpose. Your information will be kept much confidential and I request all the respondents to be very much loyal on their opinion. We greatly appreciate your co-operation in expressing your views.

1. *Please write your company Name:*

   ……………………………………………………………………

2. *What are the main insurance products (Insurance Policy)?*

   i.   Fire   [   ]

   ii.   Motor   [   ]

   iii.   Marine   [   ]

   iv.   Engineering[   ]

   v.   Misc.   [   ]

   vi.   Aviation   [   ]

   vii.   If other please specify………

3. *Do have you any specific policy which are not have other company (scheme policy)?*

   i.   Yes   [   ]

   i.   No.   [   ]

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

   …………………………………………………………………………………………

   …………………………………………………………………………………………

4. *Have your company planning to introduce new scheme policy?*

   i.   Yes[   ]

   ii.   No   [   ]

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

   …………………………………………………………………………………………

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

   i.   Businessman   [   ]

   ii.   Professionals (Dr./Er./Lawyer) [   ]

   iii.   Industrialist   [   ]

iv.	Service Holder	[	]
v.	Banker	[	]
vi.	If other Please specify………………………..		

6 . *What is the academic qualification f most insured? Please rank1st, 2nd, 3rd, 4th,5th, 6th on the basis of most of insured qualification.*

i.	Below S.L.C	[	]
ii.	Intermediate	[	]
iii.	Graduate	[	]
iv.	Post Graduate	[	]
v.	Other	[	]

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

i.	Consumer himself	[	]
ii.	Bank or financial institution	[	]
iii.	Consumers' relatives	[	]
iv.	Consumers' friends	[	]

8. *In your view have the good knowledge to customer about general insurance?*

i.	Yes	[	]
ii.	No	[	]

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

i.	High income level	[	]
ii.	Banking Purpose	[	]
iii.	Good Economic	[	]
iv.	They feeling about security	[	]

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

i.	Fire	[	]
ii.	Motor	[	]
iii.	Misc.	[	]
iv.	Engineering	[	]
v.	Marine	[	]
vi.	Aviation	[	]

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

      i.   Very Satisfied   [   ]

      ii.   Satisfied   [   ]

      iii.   Unsatisfied   [   ]

12. *Have your consumers easily convinced to do insurance?*

      i.   Yes   [   ]

      ii.   No.   [   ]

      If No why…………………………………………………………….

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

      i. conduction awareness program   [   ]

      ii. Providing good service to client   [   ]

      iii. Research & development of new market or product   [   ]

14. *At last do you have any comments?*

…………………………………………………………………………………………………

Thanks For Your Kind Cooperation

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