

**DETERMINANTS OF INSURANCE PREMIUM OF LIFE
INSURANCE COMPANIES IN NEPAL**

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CERTIFICATE OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Determinants of Insurance Premium of Life Insurance Companies in Nepal**” The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

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We, the undersigned have examined the thesis entitled “**Determinants of Insurance Premium of Life Insurance Companies in Nepal**” presented by Ajay K.C, a candidate for the degree of Master of Business Studies (MBS Semester) and conducted the viva voce examination of the candidate. We hereby certify that the thesis acceptable for the award of degree.

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ABBREVIATIONS

ALICL:	Asian Life Insurance Company
LimitedAvg:	Average
C. Size:	Company Size
F.A:	Fixed Assets
G.R:	Growth Rate
GDP:	Gross Domestic Product
GLICL:	Guarans Life Insurance
LICs:	Life Insurance Companies
LIQ:	Liquidity
Ltd.:	Limited
NEPSE:	Nepal Stock
ExchangeNo.:	Number
PLICL:	Prime Life Insurance Company
LimitedROA:	Return on Assets
ROE:	Return on Equity
Rs.:	Rupees
NLIC:	Nepal Life Insurance Company
LimitedStd. Dev:	Standard Deviation
VOC:	Volume of Capital

ABSTRACT

This study is examined determinants of insurance premium of life insurance companies in Nepal. The main objectives of this study are to examine the current status of internal factors that affect the collection of insurance premium of Nepalese life insurance companies, to analyze the relationship between size of the company, liquidity, volume of capital, fixed assets, and growth rate with collection of insurance premium in Nepalese life insurance companies, and to analyze the impact of size of the company, liquidity, volume of capital, fixed assets and growth rate with collection of insurance premium in Nepalese life insurance companies. size of the company, liquidity, volume of capital, fixed assets and growth rate are the independent variables and Volume of premium is the dependent variable in this study. Mean, standard deviation, correlation and multiple regression analysis are taken to present data. The major finding of this study is the negative correlation coefficient with Size suggests an inverse relationship between the size of the companies and the volume of premium, this implies that larger and more liquid companies tend to have higher volumes of capital, reflecting a potential relationship between company size, liquidity, and capital resources. In term of regression coefficient size, volume of capital and fixed assets are the significant relationship with the volume of premium and impact on volume of the life insurance companies in Nepal. Liquidity and growth rate are the insignificant relationship with volume of the premium.

Keywords: *Insurance Companies, Volume of Premium, Size, Fixed Assets and Liquidity.*

CHAPTER I

INTRODUCTION

1.1 Background of the Study

An insurance premium is the sum of money individuals or businesses remit to an insurance company in return for coverage against specific risks or events. This payment is typically made regularly, such as monthly, quarterly, or annually, depending on the terms of the insurance policy. Several factors contribute to determining the premium amount, including the type and level of coverage, the policyholder's risk profile, and the pricing strategy employed by the insurance company. Actuarial and underwriting techniques are utilized by insurance companies to calculate premiums, incorporating statistical data and risk assessments into the process. Premiums may see an increase at the conclusion of the insurance period, especially if the insurer needs to account for higher risks or increased insurance costs associated with a specific type of coverage. The insurer may adjust premiums based on previous claims made. Actuaries, often employed by insurance companies, play a crucial role in assessing risk levels and establishing appropriate premium prices for various insurance policies. The landscape of insurance pricing and sales is undergoing significant transformation with the advent of complex algorithms and artificial intelligence. This shift sparks debates on whether algorithms will eventually replace human actuaries or if their increased use will necessitate greater collaboration between algorithms and human actuaries. Some argue that leveraging algorithms can propel the actuarial profession to new heights. Insurance companies utilize the premiums collected from customers and policyholders to cover liabilities related to the underwritten insurance policies. Additionally, they may invest these premiums to generate higher returns, offsetting some of the costs associated with providing insurance and enabling insurers to maintain competitive rates.

Premium can be measured in a variety of ways, according to Hamadan (2008), including return on resource (ROA), return on value (ROE), and return on contributed capital (ROIC). ROA indicates a firm's productivity in relation to its total resources, whereas ROE quantifies a company's Premium, revealing the extent to which a corporation generates value from the capital given by its shareholders. ROIC is a 10-point scale that can be used to evaluate how

well a business allocates the funds under its jurisdiction to profitable endeavors. This metric provides an indication of how well a business uses its funds to generate returns. In any event, the majority of analysts in the field of safeguards and their Premium stated that ROA, which is defined as charge benefits divided by total resources, is the primary indicator of a firm's Premium. Several scholars, like Adams and Hardwick (1999) and Malik (2011), have suggested that while there are various approaches of grading Premium, using ROA is preferable.

Almajali, Alamro and Al-Soub (2012) studied the factors that mostly affect Jordanian Protections Companies' financial performance. The aforementioned factors appearance, use, liquidity, estimation, and administration competency file have a quantifiable positive influence on Jordanian Protection Companies' financial performance. Curak (2011) examines the factors that influenced the Croatian composite guarantees' financial execution from 2004 to 2009. The results show that the following factors significantly affect insurers' premiums: company measure, guaranteeing chance, swelling, and return on value.

Burca and Batrinca (2014) analyzing the factors that affected the financial performance of the Romanian insurance market between 2008 and 2012, it became clear that factors like financial use in insurance, company estimate, growth in net composed premiums, guaranteeing chance, chance maintenance proportion, and dissolvability edge were significant. Simultaneously with the introduction of underutilized Life Protection Companies, the segment's growth has increased. The Protections Board reports that throughout the fiscal year 2074–2075, the insurance companies have been supervising the extension of the protections premium amount by 52%. In the fiscal year 2073–2074 the total insurance premium generated was Rs 13.03 Middle Easterner; by the fiscal year 2074–2075 it had grown to Rs 19.44 Middle Easterner.

The primary cause of the premium sum increase may be attributed to the growth in the number of life insurance businesses. Additionally, the premium amount for life insurance has increased to Rs 3550 million. It seems that the performance of life insurance is typically evaluated in terms of net premium earned. Premium is expressed in terms of annual turnover, return on investment, and return on value. The government, regulators, policyholders, and shareholders are all concerned about the premiums paid by life insurance businesses. A financially stable life insurance provider can provide policyholders with a higher payout and stockholders with

a larger profit. In comparison to a corporation that is financially impoverished, they are also able to give more assets to the government and private sector, create more job opportunities, and contribute a larger amount of money to the government. In this approach, the Premium supports appropriate channelization of the stores to support economic commerce activities. The factors that determine budgetary teach premium have piqued the interest of academic researchers, administrators, financial marketers, and controllers. From company to company, different characteristics have different levels of significance as Premium determinants. Certain elements have a significant impact on the premium of financial institutions, whereas other aspects do not have a significant effect.

Credit hazard and Premium were discovered to be negatively correlated by Mill Operator and Noulas (2017). According to Ben Naceur and Goaid (2018), capital abundance has a favourable effect on premium and a negative effect on estimate. Pradhan and Shrestha (2015) found that a firm's financial execution is negatively impacted by liquidity. Nevertheless, estimation has a positive 4 impact on the firm's financial execution. According to Karki (2014), there is a clear correlation between the liquidity proportion and return on value.

The majority of research studies that are comparable to this study use proportions to measure Premium. The most acceptable way to measure premium is through premium proportions. This may be due to the simple fact that price fluctuations have no effect on them. It seems like there is a lot of discussion concerning the factors that affect how well life insurance firms perform. While analogous discoveries using more recent data have been made in the context of other countries, none of them have been made in the context of Nepal. Thus, the focus of this consideration is on the financial assurance of life insurance firms' premiums in the Nepali context.

1.2 Problem Statement

Premium is one of the foremost vital destinations of protections administration since one objective of protections administration is to maximize the owner's riches and premium position Born (2019). Amid the period of 2013/14- 2021/22 the yearly report of protections enterprise in Nepal shows expansive variance within the benefits. Given the range of advantages offered by life insurance organizations, it is advised that a firm's specific elements have a major impact on the premiums charged by insurance businesses. Therefore, it is crucial to understand these

characteristics and how they help life insurance firms by requiring activities that will raise their premiums and by helping speculators determine the premium of similar insurance companies in Nepal.

If life insurance is used prudently, it can lead to prosperity; if it is used recklessly, it could result in bankruptcy. According to Adams and Buckle's (2017) research, security firms with high usage outperform those with low use in terms of operational execution. Additionally, additional experimental evidence supports the idea that use risk lowers corporate performance. According to Carson and Hoyt (2015), there is a clear and significant correlation between use and the bankruptcy premium. The favorable correlation between liquidity and money-related guarantee execution has been confirmed by other observational findings (Ambrose and Carroll, 2014 and Carson and Hoyt, 2015). Nonetheless, high resource liquidity may increase organizational costs for owners as managers may profit from flexible resources, in line with the office costs hypothesis (Adams and buckle, 2020). Based on the statement of the problem the following research questions are set in this study:

- i. What is the current status of internal factors that affect the collection insurance premium of life insurance companies in Nepal?
- ii. Is there any relationship between size of the company, liquidity, volume of capital, fixed assets and growth rate with collection of insurance premium in Nepalese Life Insurance Companies?
- iii. What is the impact of size of the company, liquidity, volume of capital, fixed assets and growth rate with collection of insurance premium in Nepalese Life Insurance companies?

1.3 Objectives of the Study

The major purpose of the study is to assess the relationship between determinants of premium of life insurance companies in Nepal. The specific objectives of the study are as follows:

- i. To examine the current status of internal factors that affect the collection of insurance premium of Nepalese life insurance companies.

- ii. To analyze the relationship between size of the company, liquidity, Volume of capital, fixed assets, and growth rate with collection of insurance premium in Nepalese life insurance companies.
- iii. To analyze the impact of size of the company, liquidity, volume of capital, fixed assets and growth rate with collection of insurance premium in Nepalese life insurance companies.

1.4 Rationale of the Study

This question is important because it addresses the fact that various scholars in Nepal have investigated the factors that determine premiums in the non-financial and saving money segments. Consideration is necessary because it provides useful information to producers and controllers, assisting management and employees of life insurance firms who will learn about the factors affecting life insurance company premiums.

A few studies have been conducted on the factors impacting the performance of protection firms in other countries. However, less developed countries like Nepal lack these kinds of thinkers. The majority of considerations have already been focused on commercial banks rather than protection firms. Therefore, it is anticipated that this study will provide observational evidence regarding the factors influencing life insurance premiums. The financial services sector, which plays a significant role in nearly developed and developing countries, contributes to financial development, the allocation of productive sick resources, the reduction of exchange losses, the creation of liquidity, the assistance of financial scales in ventures, and the speed of financial misfortunes (Haiss and Sumegi, 2018). Therefore, it is essential to the stability of the economy to comprehend the factors that influence Life Protections Company's performance as well as the drivers of that performance.

1.5 Limitation of the Study

The research study was based on secondary data; therefore, the accuracy of results and conclusion highly depend upon the reliability of these data.

- i. The evaluation is made through the analysis of financial statements published and presented by the companies.

- ii. This study has taken ROA and ROE as the measure of financial performance. However, there are several other variables such as earnings per share, dividend per share, market value per share, net operating margin etc which measure the premium of Nepalese life insurance companies.
- iii. The selected sample of four life insurance companies may represent the sample.
- iv. Financial reports may suffer from alteration or manipulation of data. Systematic undervaluation or overvaluation of assets etc.
- v. Variables such as company dynamics, regulatory environment, company's franchise and competitive market position could not be concluded.

CHAPTER II

LITERATURE REVIEW

This segment focuses on existing literature that explores the factors influencing the premiums of life insurance companies and introduces the conceptual framework guiding the study. The conceptual framework offers a comprehensive examination of pertinent studies in the context of both developed and emerging nations. Within this section, diverse pieces of literature investigate variables and their interrelationships. The conceptual framework delineates the organizational structure of the study and outlines the selected variables. Additionally, this chapter delves into a review of literature from pertinent financial statements, journals, books, and theses from previous research studies.

2.1 Conceptual Review

The literature has paid relatively less attention to investigating the determinants of premiums in the life insurance industry compared to the extensive research conducted in the banking sector and the broader financial industry. Due to the diverse outcomes observed in various studies examining the factors influencing premiums in the life insurance sector, these studies will be subsequently outlined, accompanied by their primary empirical findings.

2.1.1 Premium and its Determinants

The idea of "profit" in accounting refers to the excess of income over expenses over a predetermined period of time. It can also be understood in its economic sense. Koller (2011) asserts that Premium is a particularly significant and dependable metric that offers a thorough evaluation of an insurance company's ability to increase its revenue levels. Several techniques for calculating Premium are described by Hamadan (2008). These techniques include return on assets (ROA), return on equity (ROE), and return on invested capital (ROIC). While ROE evaluates a company's profit in relation to the money invested by shareholders, ROA measures a company's profitability in relation to its total assets. ROIC is a measure of how successfully a business uses its resources to produce returns and is used to assess how efficiently it deploys capital for lucrative investments. The majority of insurance academics believe that ROA which

is calculated as before-tax earnings divided by total assets—is the most important metric for determining a company's premium, notwithstanding the availability of other indicators.

Among other authors, Adams and Hardwick (1999) and Malik (2011) suggest that the best metric to gauge Premium is return on assets (ROA). According to Almajali, Alamro, and Al-Soub's (2012) analysis of insurance businesses in Jordan, financial performance is positively impacted by size, liquidity, management skill, and leverage. Curak (2011) investigates the factors that affect the financial performance of Croatian composite insurers and finds that return on equity, underwriting risk, firm size, and inflation all have a major impact. The impact of financial leverage, firm size, and growth in gross written premiums, underwriting risk, risk retention ratio, and solvency margin on financial performance is highlighted by Burca and Batrinca's (2014) examination of the Romanian insurance industry.

Studies on the factors influencing premium in general insurance firms have been undertaken by researchers including Swiss, R. (2008) in Egypt, Hamadan (2008) in the United Arab Emirates (UAE), and Sylwester Kozak (2011) in Poland. Other studies have concentrated on life and health insurance companies. The majority of research focuses on internal characteristics that influence Premium, such as the company's age and size, leverage ratio, growth rate, capital volume, tangibility of assets, and liquidity ratio—all of which are taken into account in this study.

2.1.2 Premium of Life Insurance

A life insurance company's operational and financial activities have a major role in determining its viability. Insurance operations, such as the sale of new policies and the maintenance of current ones, are included in operational activities. In contrast, financial operations entail the allocation of premiums obtained from insurance policies. The difference between premium revenue and the overall cost of insurance and operating functions is what determines the profits from operations. The difference between actual investment returns and returns attributed to the policies is what drives financial activity profits.

Owing to the vital role that insurance plays in society, particularly in state-run life insurance firms, strict oversight and regulation are put in place to guarantee that customers are treated fairly, that insurers are financially stable, and that different insurance-related regulations are

followed. According to Meyers and Smith (2018), these rules have historically included a variety of topics, including the establishment and functioning of insurers, the conditions of insurance contracts, licencing, surplus and minimum capital requirements, investment limits, and recommended techniques for reserve estimates.

A life insurance company's premiums are crucial to how it does business. Using financial reports prepared in accordance with statutory accounting standards (SAP), regulators assess the insurer's viability by concentrating on net income and the book value of equity. Regulators may step in and seize the company or take other corrective action to rectify capital deficits if they believe there is a risk to the insurer's existence. The insurer's ability to develop and expand is greatly impacted by its premium (Greene and Segal 2004).

The intended protection of insurance contracts as well as potential restrictions on insurers' activities were indicated by premium variances across insurance companies in the 1980s across various legal and regulatory settings (Born 2001). The amount of premium to total assets and the premium of insurance businesses have a positive and significant link, according to Agiobenebo and Ezirim's (2002) investigation into the relationship between premium and financial intermediation in Nigeria. Net potential, loan amounts, and investments were among the negligible but positively correlated factors.

Moreover, research has demonstrated that the expansion of the money supply has little impact on premium, although factors like discount rate (DP) and stock market asset capitalization show a negative correlation with return on assets (ROA). Size, sales growth, and investment are some of the elements that favorably impact premium; assets and current leverage have a negative correlation with premium. It has been discovered that while insurers' operating status has little effect on public coverage premiums, it has a major effect on insurance company premiums. In the end, size, investment, and liquidity are the main factors that determine an insurance company's financial viability.

2.2 Theoretical Review

The hypothetical surveys of life protections companies cover different perspectives such as their part in money related markets, their impacts on the economy, and their potential dangers and benefits. A few hypothetical audits of life protections companies incorporate:

2.2.1 Risk Management Theory

Risk Management Theory plays a crucial role in shaping the strategies and functions of insurance companies, offering a comprehensive framework for dealing with the inherent uncertainties in the industry. According to Williams and Heins, risk management serves as the cornerstone of insurers' efforts to recognize, evaluate, and mitigate potential risks, ensuring financial stability and long-term viability (Williams & Heins, 2019). This theoretical approach acknowledges that the primary role of insurance companies is to handle and transfer risks from policyholders to themselves, necessitating a nuanced understanding of various risks, spanning from natural disasters to health-related occurrences. The theory underscores the vital role of risk assessment in the insurance sector, with insurers employing sophisticated methodologies to evaluate the likelihood and impact of diverse risks. This enables them to make informed decisions about premium pricing and the establishment of reserves to cover potential claims (Doherty, 2000). Accurate risk assessment is crucial in setting premiums at levels that balance covering expected claims and maintaining competitiveness in the market. The pricing of insurance policies, a critical aspect influenced by Risk Management Theory, highlights the importance of accurately reflecting risk in premium calculations. This ensures that insurers can meet their financial obligations to policyholders while sustaining a profitable operation (Grace & Grace, 1995). Additionally, the theory emphasizes diversification as a risk management strategy. By spreading risks across various types of policies and geographic regions, insurers can reduce concentration risk and enhance their resilience against unforeseen challenges (Cummins & Doherty, 2006).

Regulatory compliance is another pivotal aspect embedded in Risk Management Theory. Insurers operate within a highly regulated environment, and adherence to regulatory standards is essential for upholding trust among policyholders and stakeholders. Regulatory requirements often dictate the minimum capital that insurers must maintain to absorb potential

losses, underscoring the critical role of risk management in ensuring solvency (Harrington & Niehaus, 2004).

In summary, Risk Management Theory, as expounded by scholars like Doherty, Grace, and others, provides a robust foundation for insurance companies to navigate the intricate landscape of risks effectively. By integrating risk management strategies into their core operations, insurers can protect the interests of policyholders and cultivate resilience and sustainability in a dynamic and challenging marketplace (Doherty, 2000; Grace & Grace, 1995; Cummins & Doherty, 2006; Harrington & Niehaus, 2004).

2.2.2 Capital Structure Theory

Capital Structure Theory serves as a fundamental framework guiding the financial choices of insurance companies, determining the combination of equity and debt within their overall capital structure. According to Modigliani and Miller's propositions, the capital structure of a firm is deemed irrelevant to its value under specific assumptions, highlighting the separation of financing decisions from firm value (Modigliani & Miller, 1958). However, in practical terms, the insurance industry often grapples with determining the optimal mix of equity and debt financing to ensure solvency, profitability, and compliance with regulations. The core principle of Capital Structure Theory asserts that the composition of a firm's capital, encompassing equity, debt, and other financial instruments, influences its cost of capital and, consequently, its overall financial performance (Myers, 1984). Equity signifies ownership in the company, while debt introduces obligations in the form of interest payments and eventual principal repayment. Insurers must carefully balance these elements to optimize their cost of capital, considering the trade-off between the advantages of debt tax shields and the associated financial risks (Myers, 1984; Harris & Raviv, 1991).

Researchers have delved into the implications of Capital Structure Theory within the insurance industry. Harrington and Danzon (1994), for example, explored the capital structure choices of property and liability insurers, discovering that regulatory considerations significantly impact the capital structure decisions of these firms. The study illuminated the intricate interplay between regulatory requirements and financial strategies, offering insights into the nuanced dynamics within the insurance sector (Harrington & Danzon, 1994).

In conclusion, Capital Structure Theory furnishes insurers with a theoretical underpinning for navigating the intricacies of financing decisions. While the Modigliani-Miller propositions lay the groundwork for a broader discussion, scholars like Myers, Harris, and Raviv have extended the theory to encompass practical considerations in the insurance industry (Modigliani & Miller, 1958; Myers, 1984; Harris & Raviv, 1991). The application of this theory empowers insurance companies to optimize their capital structure, striking a balance between the benefits of debt financing and considerations related to regulatory requirements and financial risks.

2.2.3 Agency Theory

Agency Theory is a vital framework for comprehending the dynamics and interactions among various stakeholders within insurance companies, specifically focusing on potential conflicts of interest that may arise. Originating from the works of Jensen and Meckling (1976), the theory explores the relationships between principals (such as shareholders) and agents (such as management), emphasizing the inherent agency problems and the mechanisms needed to align their interests (Jensen & Meckling, 1976).

Within the context of insurance companies, Agency Theory examines the connections between shareholders and management, recognizing that the interests of these parties may not always align. While shareholders delegate the responsibility of operating the company to management for maximizing shareholder value, there exists the potential for managerial opportunism. Principals strive to establish governance mechanisms that minimize agency costs, ensuring that agents act in the best interests of shareholders. Key mechanisms within Agency Theory include aligning incentives through executive compensation packages, performance monitoring, and the establishment of boards of directors as oversight bodies. Compensation structures, for instance, aim to link managerial incentives with the long-term interests of shareholders, mitigating the divergence between principals and agents (Jensen & Murphy, 1990). Boards of directors play a crucial role in overseeing management actions, providing accountability, and representing shareholder interests.

In the insurance sector, empirical studies have explored the application of Agency Theory. Cummins and Nini (2002), for example, examined the relationship between corporate governance structures, agency costs, and financial performance in the insurance industry, shedding light on the intricate governance mechanisms within insurance firms (Cummins &

Nini, 2002). In summary, Agency Theory offers valuable insights into the challenges posed by agency relationships within insurance companies. By recognizing and addressing the divergent interests of stakeholders, particularly between shareholders and management, insurers can implement governance mechanisms that foster accountability, transparency, and the pursuit of shareholder value. The theory provides a lens through which to understand and manage the inherent agency problems within insurance organizations, promoting effective governance structures for sustainable and responsible corporate practices.

2.2.4 Underwriting and Pricing Theories

Underwriting and Pricing Theories are foundational in the insurance industry, providing a framework for the evaluation and management of risks, determining suitable premiums, and ensuring the financial sustainability of insurance companies. Underwriting involves the assessment of risks associated with ensuring a specific individual, entity, or event, while pricing focuses on establishing premiums that accurately reflect the expected cost of covering those risks.

Within the insurance context, underwriting and pricing are closely interconnected, playing a pivotal role in upholding profitability. As emphasized by Harrington and Niehaus (2004), underwriting entails a meticulous evaluation of various factors, such as the applicant's risk profile, health status, and past claims history, to gauge the likelihood of future claims (Harrington & Niehaus, 2004). Pricing, on the other hand, aims to set premiums that cover anticipated costs of claims and operational expenses while allowing for a reasonable profit margin. Various theories contribute to the comprehension of underwriting and pricing practices. For example, the adverse selection theory suggests that individuals with higher risks are more inclined to seek insurance, potentially creating an imbalance in the risk pool. To counteract adverse selection, insurance companies employ underwriting criteria that differentiate between lower and higher-risk policyholders (Chiappori & Salanié, 2000).

Furthermore, the experience rating theory posits that an insured individual's past claims experience can serve as an indicator of future claims, influencing underwriting decisions and premium calculations (Ward, 1983). Additionally, the risk aversion theory suggests that insurers, being risk-averse entities, will set premiums higher than expected losses to account for uncertainty and ensure solvency (Arrow, 1971). These theories collectively guide insurance

companies in their underwriting and pricing strategies. Through an understanding and application of these theories, insurers can effectively manage risks, establish appropriate premiums, and maintain a well-balanced risk pool. The ongoing evolution of underwriting and pricing practices reflects the industry's continuous efforts to refine and adapt these theories to changing market dynamics and consumer behaviors.

2.3 Review of Empirical Studies

Examining prior research is essential for a researcher to conduct their study effectively. The primary purpose of this review is to explore similar concepts investigated by past researchers in a fresh manner. To enhance the effectiveness of this research, various journals, theses, scholarly articles, and related publications on the topic will be consulted. The review of literature serves as a guide for shaping and informing the current research.

2.3.1 Review of Literature in International Context

Mulumbi (2023) examined the impacts of digitalization on the development of life protections firms recorded on the Nairobi Securities Trade (NSE). A graphic study investigate plan was received, focusing on five life protections firms as units of perception. The units of investigation within the ponder were 86 administration staff, comprising of chief official officers, division heads, line directors, and group pioneers. A positive and critical affiliation between troublesome changes and outside 27 openings emerging from digitalization with the development of life protections firms was set up utilizing correlational examination. Be that as it may, the inner effectiveness measurement of digitalization was not related with the development of life protections firms. The discoveries were limited to LICs recorded within the NSE and in this way may not be generalized to other LICs. The result variable was development, which is a perspective of execution that was included among other measurements to degree LICs' execution.

Barakat et al (2022) examined the components influencing the money related execution of protections companies recorded on the Palestine Stock Trade. The ponder of the destinations was to analyze the effect of protections industry components on the monetary execution of protections companies recorded on the Palestine Stock Trade. Dissolvability edge, reinsurance subordinate, lawful framework, and measure are the free factors and ROA and ROE are the

subordinate factors. Relationship, relapse investigation and theory devices were utilized to show information. the comes about did not appear a measurably noteworthy effect on the estimate of the Board and the possession of board individuals on the return on property rights. As for the controlling variables, the comes about concurring to the two thinks about models appear a measurably critical positive affect on the estimate of the company with both the return on resources and the return on value.

Oktiani and Andati (2021) analyzed the firm particular components and macroeconomic determinant of life protections companies' premium in Indonesia utilizing board information examination amid the period of 2010 to 2014. Thirty-two of Indonesia's fifty life protection firms underwent inspection. In contrast to the macroeconomic figure of swelling rate, the examiner examined the firm-specific factors, which include estimate of company, value capital, premium development, risk-based capital proportion, use percentage, and liquidity proportion. The findings indicated that value capital, liquidity percentage, use proportion, and company estimate had a key positive impact on premium, whereas premium development and risk-based capital had a negative and important impact. Additionally, it is discovered that the pace of swelling has little bearing on the premiums charged by life insurance companies. The other result is that businesses with high levels of aggregate resources, value capital, utilisation proportion, and liquidity proportion typically have high ROA proportions of accomplishment. Businesses should be able to calculate specialised savings appropriately, create the best possible portfolio in order to maximise profits, and reduce operational costs in order to maintain high premium performance.

Junaid, Xue, Syed, Ziaullah, and Riffat (2020) examined the relationship between corporate administration instruments and the execution of protections companies in Pakistan was examined, information were collected from 12-year yearly reports for the period 2007-2018, and the comes about demonstrated that the composition of the Board of Executives, the concentration of possession, and official emolument are the foremost powerful inner corporate administration on the execution of protections companies, the composition of the Board of Executives and official compensation is connected to a negative relationship with all execution measures, but the concentration of proprietorship includes a essentially positive affect on the execution of protections companies in Pakistan, as well as the estimate and age of factors

Positive control over all execution measures whereas unfavorably influencing all execution measurements.

Daare (2020) analyzed the non-life protection companies Premium in India. Eight common protective companies two public and six private were used in the study as test cases between 2006 and 2016. The gathered data were examined using several crucial quantifiable techniques, including the T-test, F-test, and Differential relapse. Return on resources was the study's subordinate variable, while free factors included age, measure, misfortune ratio, liquidity, net household item development rate, expansion rate, and premium development rate. The return on resources is negatively impacted by the premium development rate, growth, misfortune percentage, and uncovered estimate. Liquidity, age, and net household item development rate are factors that positively influence the return on resources of non-life protection companies in India.

Simkhada (2019) examined the income arranging and its impacts on premium, with extraordinary reference to prudential protection company Restricted. He used primary and secondary sources of data for this proposal, with the main goal being an analysis of Prudential Protections, Company's planned and actual revenue. The free factors are working capital management, development opportunities, budgetary soundness, firm measure, budgetary use, and endorsing chance. The secondary factors are Expansion and Value Showcase. To display the data, Pearson Connect and several relapse investigations were used. He was able to ascertain that, with the exception of 2065–2066, genuine and budgeted premium was advantageous in every year.

Tarsono, Ardheta, and Amriyani (2019) analyzed the effect of net premium development, claim proportion and risk-based capital on the budgetary execution of protection companies, and the consider community was a protection company recorded on the Indonesian Stock Trade from 2014-2018, with a test measure of 17 life protection companies. Relapse examination was utilized to show information. The ponder concluded that there was no effect on net premium development and claim proportion on money related execution, risk-based capital having a negative effect on the money related execution of life protections, specifically the return on resources, the three proportions of net premium development, claims proportion

and risk-based capital influence the monetary execution of life protections companies spoken to by the return on resources.

Suheyli (2019) examined the protections companies' premium in Ethiopia. In order to achieve this goal, the researcher used a mixed inquiry approach. For nine protections firms, board data spanning the eleven-year period from 2004 to 2014 is examined. A thorough meeting is also held with the directors of the company. Relationship coefficients and conjecture were applied. According to the researcher's findings, endorsing probability, specialized arrangements, and dissolvability proportion have a quantifiably negative and critical link with the premiums that insurers charge. In any event, there is a negative but insignificant link between Premium and reinsurance dependency. Conversely, there exists a positive and quantifiably significant correlation between insurers' premium and variables such as liquidity, company estimation, and premium development. Although expansion has a little negative influence on insurers' premiums, the financial development rate has a major beneficial impact on premiums. The study demonstrates that the most important factors influencing the premium of protection firms in Ethiopia are endorsing chance, technological provision, and liquidity.

Goyal and Gupta (2019) analyzed on monetary determinants of stock costs of 30 companies recorded on Bombay Stock Trade, India. Utilizing different relapse strategy, the think about found out that EPS and P/E proportion had critical effect on assurance of showcase cost of offers but net edge and return on value (ROE) had critical negative impacts.

Atchyuthan (2017) examined the relationship between components such as book esteem of offers, EPS, DPS and P/E proportion within the showcase cost of offers of car and IT companies recorded in India among 25 recorded fabricating companies in Sri Lanka over the period of 2012 to 2016. Book esteem of offers, EPS, DPS and P/E proportion within the showcase cost of offers are the free factors. The consider uncovered that except for DPS, all the other free factors within the ponder had its relationship with the advertise cost of the stock. Different relapse and relationship coefficient was utilized to display data. The major discoveries of the consider were to that EPS and DPS both had critical positive impact over the stock costs.

Ijaz (2017) analyzed the premium on firm estimate, budgetary use, endorsing chance, monetary soundness, development openings, expansion, working capital administration and value showcase, and swelling. Premium was subordinate factors and firm measure, budgetary use, endorsing chance, money related soundness, development openings, enhancement, working capital administration and value advertise, and Swelling were autonomous factors. Different relapse and relationship coefficient was utilized to display information. His final discoveries were firm measure, budgetary use, endorsing hazard, monetary soundness, development openings, broadening, working capital administration and value advertise conditions were measurably noteworthy determinants of the Premium of protections companies. Relative firm estimate, budgetary use and endorsing chance have negative affect whereas rest of the factors have positive affect on Premium of life protections companies.

Ebere, Ibannichuka, and Ogbonna (2016) analyzed the corporate administration framework with the point of recognizing the relationship between board estimate, board composition, profit per share (EPS) and return on resources (ROA) of Nigeria-listed protections companies for the period 2008-2015, information was collected from 14 protections companies and analyzed and the analyst utilized Pearson connect and different relapse investigation, and the comes about of which are that the measure and composition of the Board of Executives contribute altogether to the money related execution of protections companies in Nigeria.

Kaya (2016) examined the firm-specific components influencing the Premium of non- life protections companies working in Turkey. Information of 24 non-life protections companies working in Turkey for the period 2006 to 2013 were inspected utilizing single and numerous relapse models. Subordinate factors of the consider are return on resources and return on value while, free factors are estimate, age, misfortune proportion, use, current proportion, and premium maintenance proportion and premium development rate. The ponder concluded Premium of non-life protections companies is measurably noteworthy and emphatically related to the measure of the company and premium development rate, though 16 Premium is measurably noteworthy and adversely related to the age of the company, misfortune proportion, and current proportion.

Daare (2016) analyzed the components that decide the benefit of protections companies in India for eight protections companies for the period 2006-2016 managing with eight factors, and different relapse were utilized to display information. The major discoveries of the consider were to concluded that the company's measure, liquidity and swelling are measurably critical components that decide the benefit of protections companies in India. The ponder that protections director pay near consideration to current resource administration and current duty to preserve ideal liquidity status whereas expansion is additionally vital from outside factors.

Derbali (2015) inspected the life insurance companies in Tunisia to examine the factors that influenced their performance during an eight-year span (2005 to 2012). The outcomes of the relapse estimation indicate that, over the period from 2005 to 2012, three factors Estimation, age, and Development appear to be the most important influencers of the safeguards division's execution in Tunisia. While the Estimate has a negative impact on the quality of execution, the two criteria Age and Development have a good impact on performance. Regarding the implementation of life safeguards, the remaining factors—use, tangibility, and liquidity are irrelevant for Tunisian enterprises.

Mehari and Aemiro (2015) analyzed the firm particular variables that decide the protections companies' execution in Ethiopia. The study investigated how Ethiopian protection organizations' performance was impacted by firm-level parameters such as measure, use, tangibility, and misfortune proportion, development in composing premium, liquidity, and age. Return on resources, or subordinate variable, is used as a marker of a company's execution in terms of safeguards. A variety of straight relapse models have been employed to examine the impact of independent variables on dependent variables. Between 2005 and 2010, nine protections companies are included in the study. The study found that insurers' measure, tangibility, and use are quantitatively significant and strongly correlated with return on aggregate assets; on the other hand, the unfavorable percentage (hazard) is quantitatively critical and inversely correlated with ROA. Therefore, the estimation of insurers, the misfortune proportion (hazard), tangibility, and utilization are crucial factors in determining how well protection firms execute their business in Ethiopia. However, the link between ROA and developments in premium composition, insurer age, and liquidity is factually unimportant.

Table 1*Summary of Empirical Review in International Context*

S.N	Authors	Objectives	Methodology	Findings
1.	Mulumbi (2023)	To examined the effects of digitalization on the growth of life insurance firms listed on the Nairobi Securities Exchange (NSE).	correlational analysis was used.	The findings were limited to LICs listed in the NSE and thus may not be generalized to other LICs. The outcome variable was growth, which is an aspect of performance that was included among other dimensions to measure LICs' performance.
2.	Barakat et al (2022)	To analyze the impact of insurance industry factors on the financial performance of insurance companies listed on the Palestine Stock Exchange.	Correlation, regression analysis and hypothesis tools were used.	The results showed that according to the two study models show a statistically significant positive impact on the size of the company with both the return on assets and the return on equity.
3.	Oktiani and Andati (2021)	To analyzed the Firm Specific Factors and Macroeconomic determinant of Life Insurance Companies' Premium in Indonesia.	panel data analysis was used.	The findings indicated negative and significant influence of premium growth and risk-based capital on Premium; and significant positive influence of equity capital, liquidity ratio, leverage ratio and size of company on Premium. Additionally, results reveal that inflation rate is not significantly influence the Premium of life insurance companies.
4.	Junaid, Xue, Syed, Ziaullah, and Riffat (2020)	To examine the relationship between corporate governance mechanisms and the performance of insurance companies in Pakistan.	Statistical hypothesis was used.	The major findings of the study were to the concentration of ownership has a significantly positive impact on the performance of insurance companies in Pakistan, as well as the size and age of variables Positive control over all performance.
5.	Daare (2020)	To determinants of non- life insurance companies Premium in India.	T-test, F-test and Multiple-regression was used.	The study revealed size, loss ratio, premium growth rate and inflation have negative impact on return on assets. In contrast, liquidity, age and gross domestic product growth rate have positive influence on return on assets of Indian non-life insurance companies.
6.	Simkhada (2019)	To analyze the planned and actual revenue of Prudential Insurance Company.	Pearson link and multiple regression analysis was used to present data.	He was able to find out that actual and budgeted premium was favorable in every year except 2065/66.
7.	Tarsono, Ardheta, and	To analyzed the impact of net premium growth, claim ratio and risk-based capital on the financial performance of	Regression analysis was used to present data	The study concluded that there was no impact on net premium growth and claim ratio on financial performance, risk-based capital

	Amriyani (2019)	insurance companies, and the study community was an insurance company listed on the Indonesian Stock Exchange		having a negative impact on the financial performance of life insurance.
8.	Suheyli (2019)	To determinants of insurance companies Premium in Ethiopia.	Hypothesis and correlation coefficient was used	The findings of the study showed that underwriting risk, technical provision and solvency ratio have statistically significant and negative relationship with insurers' Premium.
9.	Goyal and Gupta (2019)	To analyze the financial determinants of stock prices of 30 companies listed on Bombay Stock Exchange, India.	Using multiple regression method was used.	The study found out that EPS and P/E ratio had significant impact on determination of market price of shares but net margin and return on equity (ROE) had significant negative effects.
10.	Atchyuthan (2017)	To examine the relationship between factors such as book value of shares, EPS, DPS and P/E ratio in the market price of shares of automobile and IT companies listed in India.	Multiple regression and correlation coefficient was used.	The major findings of the study were to that EPS and DPS both had significant positive influence over the stock prices.
11.	Ijaz (2017)	To analyze the premium on firm size, financial leverage, underwriting risk, financial soundness, growth opportunities, diversification, working capital management and equity market, and Inflation.	Multiple regression and correlation coefficient was used.	His last findings were firm size, financial leverage, underwriting risk, financial soundness, growth opportunities, diversification, working capital management and equity market conditions were statistically significant determinants of the Premium of insurance companies.
12.	Ebere, Ibannichuka, and Ogbonna (2016)	To analyze the corporate governance system with the aim of identifying the relationship between board size, board composition, earnings per share (EPS) and return on assets (ROA) of Nigeria-listed insurance companies.	Pearson link and multiple regression analysis was used.	The researcher found that of which are that the size and composition of the Board of Directors contribute significantly to the financial performance of insurance companies in Nigeria.
13.	Kaya (2016)	To investigated the firm-specific factors affecting the Premium of non- life insurance companies operating in Turkey.	Single and multiple regression models was used.	The study concluded Premium of non-life insurance companies is statistically significant and positively related to the size of the company and premium growth rate, whereas 16 Premium is statistically significant and negatively related to the age of the company, loss ratio, and current ratio.

14.	Daare (2016)	To investigate the factors that determine the profitability of insurance companies in India for eight insurance companies.	Multiple regression was used.	The major findings of the study were to company's size, liquidity and inflation are statistically significant factors that determine the profitability of insurance companies in India.
15.	Derbali (2015)	To analyze the determinants of performance of life insurance companies over the period of eight years (2005 to 2012).	Regression model on panel was used.	The two variables Age and Growth have a positive impact on performance while the Size has a negative impact on the level of performance. The other variables leverage, tangibility and liquidity are insignificant in relation to the performance of life insurance Tunisian firms.
16.	Mehari & Aemiro (2015)	To analyzed the firm specific factors that determine the insurance companies' performance in Ethiopia.	Multiple linear regression was used.	The study revealed that insurers' size, tangibility and leverage are statistically significant and positively related with return on total assets; however, loss ratio (risk) is statistically significant and negatively related with ROA.

2.3.2 Review of Literature in Nepalese Context

Maskey (2023) examined the particular determinants of share costs: A Case Think about of recorded life protections companies in Nepal Stock Trade. The destinations of the consider were to the effect of money related proportions upon the advertise share cost of commercial banks in Nepal. Life Protections companies are one of the vital divisions within the Nepal Stock Trade (NEPSE). EPS, DPS, P/E proportion, Age of the company, D/Y and RR are the autonomous factors and MPS is the subordinate factors. Theory, relapse coefficient and relationship coefficient instruments were utilized to display information. The analyst found that appeared that among the free factors, EPS, DPS, P/E proportion, age of the company have noteworthy positive relationship with the showcase stock costs but profit surrender has critical negative relationship.

Sah and Magar (2021) analyzed the components influencing the productivity of the Nepalese protection's companies. The major destinations of the think about were to looks at the components influencing productivity within the setting of Nepalese protections companies. Return on resources and return on value are chosen as the subordinate factors. The chosen free factors are liquidity, tangibility, premium development, firm age and firm measure. The relapse models are assessed to test the figure influencing the productivity of Nepalese protections

companies. The consideration appeared that tangibility, premium development, firm age and firm estimate have positive effect on return on resources of Nepalese protection companies. The study also showed that tangibility, premium development, firm age and firm estimate have positive effect on return on equity. However, liquidity proportion incorporates a negative effect on return on value and return on resources of Nepalese protection companies.

Pradhan and Dahal (2021) analyzed the budgetary execution of Nepalese protection companies. The subordinate factors are return on resources and profit per share whereas free factors incorporate protection premium, firm measure, current proportion and dissolvability proportion. Twenty-one protection companies among them 8 are life protection and 13 are non-life protection companies with 105 perceptions for the period of 2070/71 to 2074/75, were chosen for this study. The information was collected from protection and budgetary measurements distributed by Beema Samiti and yearly reports of the chosen Nepalese protection's companies. The relationship coefficient and relapse models were assessed to test the noteworthiness and significance of liquidity administration on money related execution of Nepalese protection companies. The study shows that protection premium has positive effect on return on resources and gaining per share. It implies that increment in protection premium leads to extend in return on resources and profit per share. Moreover, firm estimate has positive effect on return on resources and gaining per share.

Dahal (2020) examined the liquidity administration and monetary execution of Nepalese protection companies. The study shows that premiums have a positive effect on return on resources and profit per share. This implies that an increment within the premium leads to an increment in return on resources and profit per share. Similarly, firm estimate features a positive impact on return on resources and profit per share. This recommends that expanding the measure of 4,444 companies will lead to expanded return on resources and profit per share. The study also concludes that premium, taken after by generally liquidity proportion and firm measure, is the foremost persuasive calculate clarifying liquidity administration and money related execution of Nepalese guarantees.

Adhikari (2020) analyzed the bringing within the writing of alter Consumers' recognitions of Nepal's protection items were so also inspected through clear and comparative ponder designs. This study is the primary Evidence reports from the client's point of view within

the Kathmandu Valley and Birgunj Metropolitan City, Parsa District. The think about concluded that service quality, company devotion, company picture, fulfillment level and ease of strategy includes a positive effect on consumers' perception of Nepal's protections items. Moreover, he claims that corporate picture is taken after by corporate devotion and fulfillment. are the foremost overwhelming components influencing consumers' discernment of Protections items are given by Nepal protections companies.

Dahal et al. (2020) examined the liquidity administration and money related execution of Nepalese protections companies. Relationship coefficient and relapse investigation devices was utilized to show information. The comes about appeared that protections premium has positive affect on return on resources and profit per share. It implies that increment in protections premium leads to extend in return on resources and profit per share. Moreover, firm estimate has positive affect on return on resources and profit per share. It shows that increment in firm measure leads to extend return on resources and profit per share.

Thapa (2020) analyzed the premium collection rate of Nepalese protections industry has been fluctuating slant. The protections industry has not comprised within the venture extent of different speculation division and speculation portfolio as well. He contended that among the protection's arrangement, the proportion of premium collection is higher in fire protections and lower in designing arrangement. The researcher proposed that the whole protections ought to take after the speculation approach and make strides its administration, ought to keep up and make consistency on premium collection beneath all protection's approaches, and ought to implement the enhancement among the venture portfolio. The think about uncovers that most suitable works on the estimations of the execution and Premium within the field of corporate back is going on. The various works on inside and external factor's execution and Premium of protections companies has carried out with the assistance of board information and they were done on numerous nations. The ponder appeared that all the protections companies' particular components are found to be noteworthy variables influencing the company's execution.

Nawali and Jaiswal (2019) examined the components influencing buy life protections in Kapilvastu area of Nepal. Inquire about to get it the relationship between the free factors, viz. sexual orientation, age gather, instruction level, foremost occupation, put of changeless home, conjugal status, financial lesson and around wage of respondents and subordinate variable. D.

Yearly premium is the sum payable for life protections. The study concluded that life protections the request for protections premiums is essentially related to sexual orientation, level of instruction, occupation, financial lesson, family estimate and month to month wage of respondents whereas the require for life protections was not essentially related to age, religion and conjugal status. At last, the think about prescribes life protections companies centers on offering life protections arrangements to individuals with higher salaries, more family individuals and taught individuals.

Baral and Pradhan (2018) analyzed the relationship of budgetary markers like EPS, P/E proportion and profit payout proportion with the share cost. The consider was conducted among 10 commercial banks recorded in NEPSE. The major targets of the think about were that among the pointers. Numerous relapse examination was utilized to display information. EPS and P/E proportion had critical positive relationship with the stock cost. It upheld the claim that declaration of the profit had its impact on the variety of the advertise stock cost.

Lamichane (2018) analyzed the revenue panning and premium impact, with a unique mention of Sagarmatha Protections Company Ltd. Examining the premium collecting and speculative 19 position of the insurance business was the main goal of the investigation. Based on the analysis, he discovered that while net benefit and total premium collection were trending upward, the drift in the net benefit case was decreasing.

Ghimire (2017) analyzed the life protections companies in Nepal. A Fundamental Analysis. Based on his analysis, he has come to the conclusion that life insurance firms' dedication is essential to Nepal's economic development and, from the perspective of policyholders and experts, can deliver its services in a more persuasive manner. The number of approaches implemented and operators, the number of approaches implemented and branches, and the number of approaches upheld all have positive relationships with each other; however, the number of approaches upheld and geological scope have negative relationships. It appears from the growing shift in the industry standard of passing claims to net premium proportion that LICs have admitted a significant number of substandard lives in order to achieve a bigger volume of sales.

Upadhaya (2016) analyzed the protections industry clings to taxes as a way of creating their wage instead of assessing dangers and estimating, not singled out for understanding for hazard components in each. He came to conclusion that Beema Samiti have been straightforwardly controlling over premium rate in fire and united protections and engine protections. The choice of Beema Samiti is obligatory and has the drive of law. This control over duty rates has shown that the industry is still in advancement of endorsing aptitudes, cannot compete inside and claims of mastery to confront showcase reality of chance administration has been made. He moreover highlighted that the protections industry is anxious that without tax boundaries.

Charumati (2016) analyzed the advancement of protections segment in financial advancement of a nation. They give long- term stores for the framework of advancement and reinforce the risk-taking capacity of the nation. Well-developed protections showcase clears way for productive asset allotment through the exchange of chance and mobilization of reserve funds. The productivity of life guarantees is emphatically and essentially impacted by the measure and liquidity. The use, premium development and logarithm of value capital contrarily and altogether impact the benefit of Indian life guarantees. This ponder does not discover any prove for the relationship between endorsing hazard and productivity. In see of the undiscovered tremendous protections showcase; special administrative environment comprising a crossover demonstrate of control with competition; proposed endorsement to permit the players to tap the capital advertise for open issues; proposition to tie up with banks; and the proposition to extend the remote coordinate speculation, life guarantees would move their center towards planning items giving long term investment funds and assurance for the economy, through economical commerce models.

Bhattarai (2016) analyzed the impact of capital structure on firm execution of by controlling the impact of firm measure, tangibility and development rate of fabricating firms recorded within the Nepal Stock Trade employing a test of 8 companies amid the period 2004 to 2014. Relationship and relapse were utilized to show information. The comes about appeared that the firm execution was adversely related to the use and tangibility. The firm execution was emphatically related to the firm measure. The ponder concluded that capital structure essentially contrarily influences the firm execution. The capital structure, firm estimate and tangibility were major determinants of firm execution of Nepalese fabricating companies.

Pradhan and Shrestha (2015) examined inspected the effect of bank particular factors and macroeconomic factors on the execution of commercial banks of Nepal. In contrast to the free factors, which include capital ampleness proportion, resource quality, administration productivity, liquidity administration, representative costs, other working costs, credit chance, development of net residential item, and expansion, the subordinate variable is bank execution, which has been expressed in terms of ROA, ROE, and NIM. In order to assess the impact of macroeconomic and bank-specific factors on bank execution relapse models, an evaluation has been conducted. The study reveals that there is a very strong and positive correlation between bank execution in Nepal and the effectiveness of administration. There is no evidence to support the claim that external forces influence bank execution because macroeconomic issues are not significant. It seems to be the case that every variable specific to the bank was determined to be significant in affecting the bank's execution.

Table 2

Summary of Literature Review in Nepalese Context

S. N	Authors	Objectives	Methodology	Findings
1.	Maskey (2023)	To the impact of financial ratios upon the market share price of commercial banks in Nepal. Life Insurance companies	Hypothesis, regression coefficient and correlation coefficient tools were used.	The researcher found that showed that among the independent variables, EPS, DPS, P/E ratio, age of the company have significant positive relationship with the market stock prices but dividend yield has significant negative relationship.
2.	Sah and Magar (2021)	To examines the factors affecting profitability in the context of Nepalese insurance companies	Regression models was used.	The study also showed that tangibility, premium growth, firm age and firm size have positive impact on return on equity. However, liquidity ratio has a negative impact on return on equity and return on assets of Nepalese insurance companies.
3.	Pradhan and Dahal (2021)	To examines the financial performance of Nepalese insurance companies.	The correlation coefficient and regression models were used.	The results shows that insurance premium has positive impact on return on assets and earning per share. It means that increase in insurance premium leads to increase in return on assets and earnings per share. Likewise, firm size has positive impact on return on assets and earning per share.

4.	Dahal and para. (2020)	To examined the liquidity management and financial performance of Nepalese insurance companies.	Multiple regression was used.	Results show that premiums have a positive impact on return on assets and earnings per share. This means that an increase in the premium leads to an increase in return on assets and earnings per share
5.	Adhikari (2020)	To analyze the bringing in the literature of change Consumers' perceptions of Nepal's insurance products were similarly examined through descriptive and comparative study designs.	Panel and hypothesis were used.	The study concluded that service quality, company loyalty, company image, satisfaction level and ease of procedure has a positive impact on consumers' perception of Nepal's insurance products.
6.	Dahal et al. (2020)	To examined the liquidity management and financial performance of Nepalese insurance companies.	Correlation coefficient and regression analysis tools was used.	The results showed that insurance premium has positive impact on return on assets and earnings per share. It means that increase in insurance premium leads to increase in return on assets and earnings per share.
7.	Thapa (2020)	To analyze the premium collection rate of Nepalese insurance industry has been fluctuating trend.	Regression analysis was used.	The study showed that all the insurance companies' specific factors are found to be significant factors affecting the company's performance.
8.	Nawali and Jaiswal (2019)	To examine the factors affecting purchase life insurance in Kapilvastu district of Nepal.	T-test and hypothesis was used.	The study concluded that life insurance the demand for insurance premiums is significantly related to gender, level of education, occupation, economic class, family size and monthly income of respondents while the need for life insurance was not significantly related to age, religion and marital status. Finally, the study recommends life insurance companies.
9.	Baral and Pradhan (2018)	To examine the relationship of financial indicators like EPS, P/E ratio and dividend payout ratio with the share price.	Multiple regression analysis was used to present data.	The major objectives of the study were that among the indicators, EPS and P/E ratio had significant positive relationship with the stock price. It supported the claim that announcement of the dividend had its effect on the variation of the market stock price.

10.	Lamichane (2018)	To examine the premium collection and investment 19 position of the insurance company.	Trend analysis was used.	He found that the total premium collection and net profit was in increasing trend but the trend was decreasing in the case of net profit.
11.	Ghimire (2017)	To examine the Life Insurance Companies in Nepal.	Trends analysis was used.	The increasing trend of industry average death claims to gross premium ratio shows that LICs have accepted significant number of sub-standard lives in order to achieve the higher sales volume.
12.	Upadhaya (2016)	To examined that the insurance industry clings to tariffs as a way of generating their income rather than evaluating risks and pricing of RBCL.	Simple regression model was used.	The result shows that the control over tariff rates has indicates that the industry is still in development of underwriting skills, cannot compete internally and pretensions of expertise to face market reality of risk management has been made.
13.	Charumati (2016)	To analyzed the effect of capital structure on firm performance of by controlling the effect of firm size, tangibility and growth rate of manufacturing firms listed in the Nepal Stock Exchange.	Hybrid model was used.	The profitability of life insurers is positively and significantly influenced by the size and liquidity. The leverage, premium growth and logarithm of equity capital negatively and significantly influence the profitability of Indian life insurers.
14.	Bhattarai (2016)	To analyzed the effect of capital structure on firm performance of by controlling the effect of firm size, tangibility and growth rate of manufacturing firms listed in the Nepal Stock Exchange.	Correlation and regression were used to present data.	The results showed that the firm performance was negatively associated to the leverage and tangibility. The firm performance was positively associated to the firm size. The study concluded that capital structure significantly negatively affects the firm performance.
15.	Pradhan and Shrestha (2015)	To examined the impact of bank specific variables and macroeconomic variables on the performance of commercial banks of Nepal.	Regression models was used.	The study reveals that management efficiency has a very strong and positive relationship with bank performance in Nepal. The macroeconomic variables are not significant and hence there is no evidence that external forces have impact over bank performance.

2.4 Research Gap

Numerous studies have explored the influence of diverse macroeconomic and business-specific variables on the performance of firms across different countries and time periods. However, limited research has been conducted in the Nepalese context, particularly regarding the factors impacting the performance of companies. A notable research gap exists in the realm of life insurance companies in Nepal, necessitating the undertaking of this study. Many earlier researchers conducted their investigations several years ago, leaving a gap in the understanding of current phenomena. A comprehensive review of previous articles and theses indicates that the performance of life insurance companies is affected by various factors, not solely external or macroeconomic ones. Therefore, this study aims to address this gap by focusing on internal factors specific to the life insurance industry in Nepal.

Utilizing up-to-date data, this study seeks to assess the premiums of life insurance companies in Nepal and analyze their influence on the overall performance of these insurers. The research delves into intricate details regarding the premiums of selected life insurance companies and their respective variables. Positioned within the realm of pure research, this study aims to contribute valuable insights to the existing literature in this field.

CHAPTER III

RESEARCH METHODOLOGY

This section delineates the methodology employed in this research, organized into seven distinct parts. The initial segment furnishes an overview of the research design utilized. Following that, the second part addresses aspects related to the population and sample, including the criteria for selecting companies for research purposes. The third part is dedicated to elucidating the sources of data, while the fourth section outlines the procedures undertaken for data collection. In a parallel fashion, the fifth part details the methodologies employed for data processing. Simultaneously, the sixth section delves into the tools and techniques applied for data analysis. Lastly, the seventh section highlights the study's limitations.

3.1 Research Design

To attain the study's objective, a research design encompassing both descriptive and causal-comparative methodologies has been employed. The utilization of a descriptive research design is particularly evident in the pursuit of fact-finding and gathering comprehensive information. This approach, akin to a survey, is commonly deployed to evaluate the opinions, behaviors, and characteristics within a specific population. Its primary purpose is to depict the current state of affairs, events, and situations, serving as a means to explore and understand the subject comprehensively.

3.2 Population and Sample

To attain the study's objective, a research design encompassing both descriptive and causal-comparative methodologies has been employed. The utilization of a descriptive research design is particularly evident in the pursuit of fact-finding and gathering comprehensive information. Only eight year's data taken as to present the data analysis in this study. Its primary purpose is to depict the current state of affairs, events, and situations, serving as a means to explore and understand the subject comprehensively. Only four life insurance companies are taken as sample out of 14 life insurance companies. Sample of insurance companies are Asian Life Insurance Company (ALICL), Nepal Life Insurance Company (NLIC), Gurans Life Insurance Company Limited (GLICL) and Prime Life Insurance Company Limited (PLICL).

3.3 Nature and Source of Data

This research primarily centers on conducting a comparative analysis of company-specific variables and premiums among life insurance firms in Nepal. The core objective is to assess the relationship between these company-specific factors and the premiums charged by life insurance companies. The primary focus is to ascertain whether a positive or negative correlation exists between these specific company factors and the variable representing premiums. The study relies on secondary data sources, specifically drawing information from reports published by Beema Samiti (Insurance Board of Nepal) and the annual reports of individual life insurance companies. The data encompasses the operational span of the last eight years, spanning from 2014/15 to 2021/22. In this investigation, the dependent variable is the performance measures of insurance companies, while the independent variables consist of factors influencing the insurance premiums of these life insurance companies.

3.4 Data Collection Procedure

This study relies on a diverse range of data sources, including information published by banks, financial performance reports, articles, reviews, references, annual reports, and respective websites. To glean essential insights, thorough reviews will be conducted on these materials. Furthermore, additional information will be gathered from various organizations and authorities such as the NRB (Nepal Rastra Bank), Nepal Stock Exchange, and the Ministry of Finance. The collection of data and information extends to economic journals, periodicals, newsletters, as well as published and unpublished reports and documents from multiple sources. Some pertinent review materials are specifically sourced from the Central Library at TU Kirtipur and Shanker Dev Campus to ensure a comprehensive exploration of the subject matter.

3.5 Data Processing Procedure

This section elucidates the methodology employed for the analysis in this chapter. A set of specific data analysis steps and procedures are crucial for comprehending the results and making generalizations from the findings. The primary objective of secondary data analysis is to explore the relationships and causation between variables. This section is subdivided into various subsections, with the initial one addressing descriptive statistics for the observed

samples. This encompasses parameters such as mean, standard deviation, and the minimum and maximum values of the observations. The subsequent part involves conducting correlation analyses, followed by stepwise regression analysis to assess significance and standard error of the estimate. The interpretation of all identified relationships and outcomes is undertaken to derive meaningful conclusions regarding the determinants of premiums by Nepali life insurance companies.

3.6 Data Analysis Tools and Techniques

In this section, the statistical and econometric models employed for the analysis of secondary data are discussed. The data analysis was conducted using the Statistical Package for the Social Sciences (SPSS 20). The study utilized descriptive and regression analysis methods. Descriptive statistics, including mean, standard deviation, and the minimum and maximum values of variables, were employed to characterize the firms in the sample during the period from 2014/15 to 2021/22. Correlation analysis was applied to assess the direction of the relationship between dependent and independent variables. Additionally, regression analysis was utilized to determine the influence of independent variables on the dependent variable, both individually and in conjunction with other variables. Furthermore, a normality test was conducted to ascertain whether the data exhibited a normal distribution. The primary focus of this investigation is to explore the relationship between company-specific variables and the business premiums of life insurance companies in Nepal.

3.6.1 Statistical Tools

Statistical tools perform a very important role in business activity. Each and every performance should be calculated in the business world to know the exact profit/loss. Here are some mathematical tools which are widely in practice. The following mentioned statically tools will be used interpret data.

1. Arithmetic Mean

The arithmetic mean is a value derived by adding together all the numerical values in a series and dividing the total by the number of items. This statistical tool serves as a fundamental measure in statistical analysis. It entails adding up a set of numbers and then dividing the sum by the total count of numbers in the series.

$$\bar{X} = \frac{\sum X}{N}$$

Where,

\bar{X} = Arithmetic Mean

$\sum X$ = Sum of Elements

N = Number of Observation

2. Standard Deviation

The standard deviation is a statistical metric assessing the spread of a dataset in relation to its mean, computed as the square root of the variance. By measuring the variation of each data point from the mean and calculating the square root of the variance, it quantifies the extent of dispersion within the dataset. Greater distances of data points from the mean indicate increased deviation in the dataset, resulting in a wider spread of data and subsequently a higher standard deviation.

$$S. D = \sqrt{\frac{\sum (X - \bar{X})^2}{N}}$$

3. Coefficients of Variation

Standard deviation is the absolute measure of dispersion. The relative measure of dispersing based on the standard deviation is known as the measurement of coefficient of standard deviation. The percentage of measure of coefficient of s.d is called coefficient of variation less c.v is more uniformity and consistency vice versa. Only standard deviation is not appropriate to compare two pairs of variables but cv is capable to compare two variables independently in terms of their variability. It is calculated as under.

$$\text{Coefficients of variation (C.V)} = \frac{S.D}{\bar{X}} * 100$$

4. Coefficient of Correlation

The correlation coefficient is a statistical metric used to quantify the strength of the connection between the relative changes of two variables. It serves as a valuable statistical instrument for assessing the degree of linear correlation between these variables. The predominant method for gauging the correlation between two variables is through "Karl Pearson's coefficient of correlation." "If the values of the variables are directly proportional then the correlation is said to be positive. On the other hand, if the values of the variables are inversely proportional, then the correlation is said to be negative. The correlation coefficient always remains within the limit of +1 to -1. The correlation coefficients (r) between two variables X and Y can be obtained by using following formula."

$$r = \frac{N\Sigma XY - \Sigma X, EY}{\sqrt{N\Sigma X^2 - (\Sigma X)^2} \sqrt{N\Sigma Y^2 - (\Sigma Y)^2}}$$

Where,

r = the correlation coefficient between two variables of X and Y

Proprieties

- a) It lies between -1 and +1
- b) If r = +1, then there is perfect positive correlation.
- c) If r = -1, then there is perfect negative correlation.
- d) If r = 0, then there is no correlation.
- e) If r = 0.7 to 0.99 (or- 0.7 to -0.99) then there is high degree positive or negative correlation.

5. Multiple Regression Analysis

The dominant version of linear regression, commonly known as multiple linear regression, is utilized to explain the relationship between a solitary continuous dependent variable and two or more independent variables. These independent variables can be either continuous or categorical in nature. Multiple linear regression, often abbreviated as MLR, is a statistical technique that leverages multiple explanatory variables to predict the outcome of a response variable. The main aim of multiple linear regression is to establish a model that captures the

linear relationship between the explanatory (independent) variables and the response (dependent) variable.

$$y_i = \beta_0 + \beta_1 x_{i1} + \beta_2 x_{i2} + \dots + \beta_p x_{ip}$$

Where, for $i = n$ observation

y_i = dependent variable

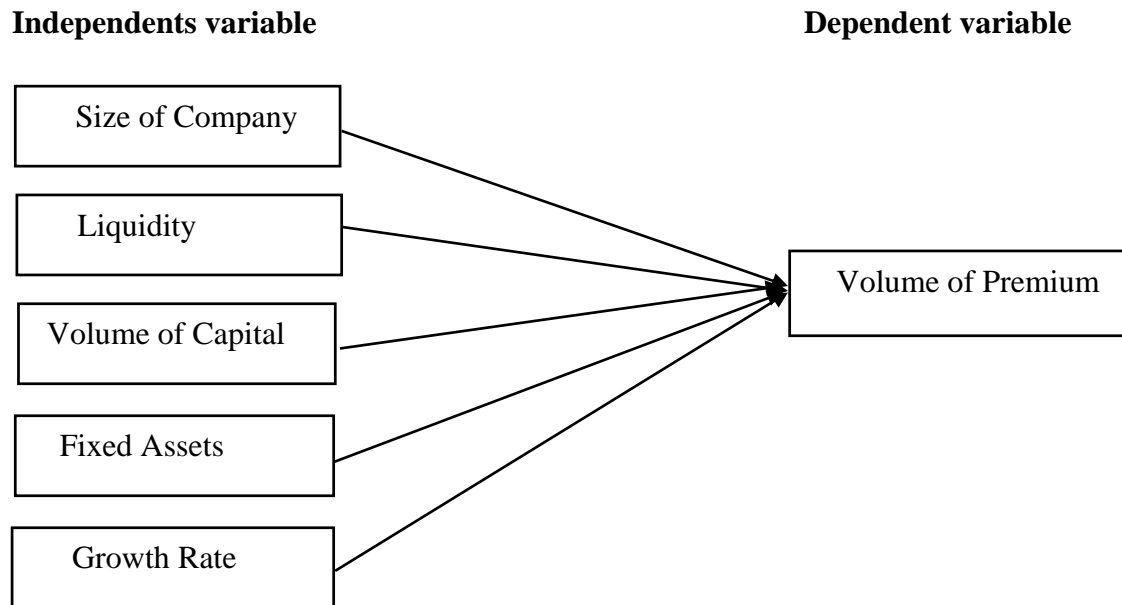
x_i = explanatory variables

β_0 = y-intercept (constant term)

β_p = slope coefficients for each explanatory variable.

3.6.2 Research Framework and Definition of Variables

The conceptual framework serves as the fundamental basis upon which the research is constructed. This framework is instrumental in defining and refining the focus and purpose of the research problem. Aligned with the study's objectives and the literature review, the conceptual framework is crafted to succinctly encapsulate the primary objective and the scope of the variables under consideration. This study centers on exploring the impact of company-specific factors on the premiums of life insurance companies in Nepal. The conceptual framework includes Return on Assets (ROA) and Return on Equity (ROE) as dependent variables. Simultaneously, the independent variables encompass firm size, liquidity, capital volume, fixed assets, and growth rate. The aim is to discern the influence of these variables on the premiums of life insurance companies in Nepal. Therefore, the ensuing conceptual model is formulated to provide a concise representation of the primary objective and scope of this study in terms of the included variables. The relationship between the dependent and independent variables is shown in the following figure:



Source: Sah & Rana (2021)

Figure: Research Framework

Definition of Variables

The Company Size

Numerous factors, like the number of employees, branches, or total assets, can be used to estimate the size of a company. It is expected that a company's size will promote economies of scale and lower the expenses related to obtaining and processing information. Since larger businesses typically enjoy greater economies of scale, better risk diversification, and overall superior cost efficiency, performance is generally expected to improve with size (Boyd and Levine, 2001). Total assets are used as a stand-in for firm size in this research. A life insurance company's size is expressed as the natural logarithm of its total assets. Bigger life insurance providers can reduce risk by diversifying their offerings and gain a competitive edge through more effective operations portfolio.

Liquidity

Liquidity can be gauged through various variables such as the number of employees, branches, or total assets. The size of a firm is anticipated to foster economies of scale and diminish the costs associated with information gathering and processing. Generally, performance is expected to improve with size, given that larger firms tend to benefit from better risk diversification, enhanced economies of scale, and overall improved cost efficiency (Boyd and Levine, 2001). For the purposes of this study, total assets are utilized as a proxy for company size. The size of a life insurance company is quantified in terms of the natural logarithm of total assets. Larger life insurance companies can derive competitive advantages through efficient operations and also mitigate risk through a more diversified portfolio.

The Volume of Capital

The basic accounting equation, which shows the difference between total assets and total liabilities, defines a company's capital. The ratio of shareholder equity to total assets is frequently used to indicate the capital size of studies into the factors influencing insurance companies' rates. On the other hand, life insurance firms' carrying capital can be used to express this component in a different way. According to Return on Assets (ROA), prior research has shown a statistically significant positive association between life insurance businesses' capital volumes and their premiums (Al-Shami, 2013; Malik, 2011).

Fixed Assets

Fixed assets are typically quantified through the ratio of fixed assets to total assets. The findings from various studies examining the impact of fixed assets on insurance companies' premiums have yielded conflicting results. In a study by Hifza Malik (2011) investigating factors influencing insurance premiums in Pakistan, a statistically significant relationship between fixed assets and company premiums was identified. Malik argues that as the proportion of fixed assets in total assets increases, the size of the insurance company and, consequently, the premium tend to be greater. However, a study conducted in the UK by Yuqi Li (2007) suggests a different perspective, indicating that there is no statistically significant relationship between fixed assets and insurance companies' premiums.

The Growth Rate of the Company

Companies' growth rates are commonly articulated as the percentage change in total assets from one year to another. Specifically, for life insurance companies, the growth rate signifies the percentage alteration in the total amounts of signed premiums. There is an argument that continual resource expansion is necessary for improved performance and increased profitability. However, the association between a company's growth rate and its premium may not consistently be positive, as expected. In some instances, a higher growth rate might expose an insurance company to elevated risks, necessitating an increase in technical reserves (Burca & Batrinca, 2014).

CHAPTER IV

RESULTS AND DISCUSSION

This chapter presents secondary data in a methodical manner and addresses a number of concerns related to examining the relationship between firm-specific characteristics and the performance of life insurance companies. The fundamental steps in the analytical process are issue identification, data availability determination, method selection appropriate for addressing the research questions, method application, and evaluation, summarization, and communication of the findings. For this purpose, a number of statistical tools that are covered in chapter three have been specified.

To get a complete picture of the life insurance industry, a comparative analysis of a few chosen life insurance companies has been conducted. Following the completion of data analyses for the study's variables, descriptive statistics are shown. The nature of the relationship between the dependent and independent variables is demonstrated using correlation analysis. Lastly, the regression model's findings show how the independent variables influence the dependent portion. Give a few closing thoughts about the outcome that was obtained from the secondary data to close out this chapter.

4.1 Descriptive Statistics

Descriptive statistics involve summarizing and describing the main features of a dataset. Measures of central tendency, such as the mean, median, and mode, offer a sense of the average or typical value in the dataset. The minimum, maximum, mean, and standard deviation of the variables under investigation make up the descriptive statistics used in this investigation. Descriptive statistics, then, make it possible to present the data in a more meaningful way, making it easier to interpret the data. Table 3 presents descriptive statistics of eight sample life insurance companies in Nepal from 2014/15 to 2021/22, for the dependent variables (Volume of Premium) and independent variables (size, liquidity, VOC, fixed assets, and growth rate).

Table 3*Descriptive Statistics*

	Minimum	Maximum	Mean	Std. Deviation
Size of the Company	131.33	5918.88	2133.661	1362.685
Liquidity	2.10	31.34	8.018	5.799
Volume of Capital	1.05	11.69	2.799	2.586
Fixed Assets	0.61	25.35	5.125	5.673
Growth Rate	8.76	91.70	31.911	18.816
Volume of Premium	0.79	22.56	6.16	5.16
Valid N (likewise) 48				

Annual Report

Table 3 shows the descriptive statistics for various key metrics pertaining to the financial performance and characteristics of the observed companies. The metrics include the Size of Company, Liquidity, Volume of Capital, Fixed Assets, Growth Rate, and Volume of Premium. These statistics are crucial in understanding the central tendencies and variations within each variable, offering valuable insights into the overall financial landscape of the sample companies.

The Size of Company, represented by the total assets, exhibits a substantial range from 131.33 to 5918.88, with a mean of 2133.661 and a standard deviation of 1362.685. This wide dispersion indicates a diverse set of companies in terms of their overall size, from smaller entities to larger corporations. Such diversity might have implications for the risk and return profiles of the companies within the sample. Moving to Liquidity, the minimum and maximum values are 2.10 and 31.34, respectively, suggesting a varied degree of short-term solvency among the observed companies. The mean liquidity stands at 8.018, with a standard deviation of 5.799, underscoring the potential variability in how companies manage their current assets and liabilities.

Volume of Capital, denoting the financial resources available for operations and expansion, ranges from 1.05 to 11.69. The mean and standard deviation are 2.799 and 2.586, respectively. This metric provides an indication of the companies' capacity to fund their activities and pursue growth opportunities.

Fixed Assets, representing the long-term investments and infrastructure of the companies, display a diverse range from 0.61 to 25.35. The mean and standard deviation are 5.125 and 5.673, indicating variability in the capital-intensive nature of the observed businesses. This information is crucial for understanding the asset composition and capital structure of companies. Examining Growth Rate, an essential indicator of the companies' expansion or contraction, the range spans from 8.76 to 91.70, with a mean of 31.911 and a standard deviation of 18.816. This wide dispersion signifies heterogeneity in the growth trajectories of the sample companies, highlighting potential differences in industry dynamics or strategic approaches. Finally, the Volume of Premium, representing the additional value attributed to certain financial instruments or assets, shows a range from 0.79 to 22.56. The mean and standard deviation are 6.16 and 5.16, respectively, reflecting the diversity in the premium valuation across the observed companies.

In conclusion, Table 3 illuminates the diverse financial landscape of the sample companies through a comprehensive set of descriptive statistics. The wide ranges and standard deviations across the metrics suggest significant variability in the financial characteristics, which may influence investment decisions, risk assessments, and strategic planning for stakeholders and analysts alike. Further, these statistics offer a foundation for deeper analyses and comparisons within the context of the observed companies and potentially provide valuable insights for decision-makers in the financial domain.

4.2 Correlation Analysis

Correlation analysis was conducted to explore the relationships between the variables. The correlation coefficient measures the strength and direction of a linear relationship between two variables, ranging from -1 (perfect negative correlation) to 1 (perfect positive correlation), with 0 indicating no linear correlation. Examining the results, notable patterns emerge. For instance, the Size of the Company exhibits a positive correlation with both Liquidity and Volume of Capital, implying that larger companies tend to have higher levels of liquidity and capital. Meanwhile, the Growth Rate shows a weaker positive correlation with Size of Company, suggesting that larger companies tend to experience slightly higher growth rates. These insights can inform strategic decision-making, such as understanding how the size of a company might influence its financial structure and growth potential.

Additionally, the correlation analysis reveals interesting dynamics between other variables. Notably, Liquidity exhibits a negative correlation with Growth Rate, indicating that companies with higher liquidity may experience slightly lower growth rates. This inverse relationship between liquidity and growth may prompt further investigation into the trade-offs companies face between maintaining financial stability and pursuing aggressive growth strategies. Overall, the correlation analysis provides a nuanced understanding of the interrelationships among the variables, offering valuable insights for businesses, investors, and policymakers seeking to make informed decisions based on these financial metrics. This demonstrates how to determine the correlation coefficient and significant value between ROA, ROE, and independent variables. The coefficients display the strength, weakness, positive, negative, and inverse relationships as well as their size and direction. A weaker relationship is indicated by a smaller coefficient, whereas larger numbers indicate a stronger link.

Table 4

Correlation Matrix

	Volume of premium	Size	Liquidity	Volume of capital	FA	GR
Volume of premium	1					
Size of the company	-.446**	1				
Liquidity	.250	.588**	1			
Volume of capital	-.277	.008	.115	1		
FA	.017	-.328*	-.505**	.035	1	
GR	.061	-.446**	-.471**	.140	.710**	1

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

Table 4 presents a correlation matrix, offering a detailed insight into the relationships among various key metrics of the observed companies. The metrics include Volume of Premium, Size, Liquidity, Volume of Capital, Fixed Assets (FA), and Growth Rate (GR). Each cell in the matrix represents the correlation coefficient between the respective pair of variables. Starting

with Volume of Premium, the correlation values are found in the diagonal line of ones since a variable is perfectly correlated with itself. The off-diagonal elements reveal the strength and direction of relationships between different pairs of variables. Notably, the negative correlation coefficient (-.446**) with Size suggests an inverse relationship between the size of the companies and the volume of premium. This indicates that larger companies tend to have a lower volume of premium, and vice versa. Moving on to Liquidity, it shows positive correlations with Size and Volume of Capital (.588** and .115, respectively). This implies that larger and more liquid companies tend to have higher volumes of capital, reflecting a potential relationship between company size, liquidity, and capital resources.

The correlation between Size and Volume of Capital is negligible (0.008), suggesting that the size of a company does not significantly impact its volume of capital. On the other hand, the negative correlation between Size and Volume of Premium supports the notion that larger companies may focus less on premium valuation. Fixed Assets (FA) exhibit interesting correlations with other variables. The negative correlation with Liquidity (-.505**) suggests that companies with higher liquidity might have fewer fixed assets. Additionally, the negative correlation with Size (-.328*) indicates that smaller companies tend to have more fixed assets. This implies a potential trade-off between liquidity and fixed asset investment, with larger companies favoring liquidity over fixed assets. Growth Rate (GR) shows substantial correlations with Size (-.446**) and Liquidity (-.471**), indicating that larger and more liquid companies tend to experience lower growth rates. This may reflect the challenges larger companies face in maintaining high growth rates compared to their smaller, more agile counterparts.

In conclusion, the correlation matrix in Table 4 unveils intricate relationships between various financial metrics of the observed companies. These insights are invaluable for stakeholders, investors, and analysts, providing a nuanced understanding of how different variables coalesce within the financial landscape. While correlation does not imply causation, these findings serve as a foundation for further exploration and analysis, helping to inform strategic decisions, risk assessments, and investment strategies in the context of the observed companies.

4.3 Regression Analysis of Variables

Regression analysis is used to evaluate whether or not the independent variables have an impact on the dependent variable. Size, liquidity, VOC, fixed assets, and GR are the independent variables in this analysis, while Volume of Premium is the dependent variables. Eight fiscal years' worth of data were used to produce accurate findings.

4.3.1 Regression Analysis between Volume of Premium

The regression analysis investigates the influence of liquidity variables, Size of capital, liquidity, volume of capital, Fixed Assets (FA) and Growth Rate (GR) on the changes in Volume of Premium for the chosen insurance companies. The equation for this regression model is outlined below:

$$\text{Volume of Premium} = a_1 + b_1\text{Size of capital} + b_2\text{Liquidity} + b_3\text{Volume of capital} + b_4\text{FA} + b_5\text{GR} \dots \dots \dots (i)$$

Where, a_1 = Constant, b_1, b_2, b_3, b_4 and b_5 = Regression coefficient

Table 5

Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708 ^a	.501	.405	3.94646

a. Predictors: (constant), Size, Liquidity, volume of capital, FA and GR

b. Dependent Variable: Volume of Premium

Table 5 presents the results of a regression analysis examining the relationship between the volume of premium and several predictor variables. The model summary provides key statistical indicators to evaluate the overall performance of the regression model. The coefficient of determination (R Square) is 0.501, indicating that approximately 50.1% of the variability in the volume of premium can be explained by the included predictor variables. The adjusted R Square, accounting for the number of predictors in the model, is 0.405, suggesting

that the model adjusts for potential overfitting and provides a more reliable estimate of the explained variability.

The regression model includes a constant term and five predictor variables: Size, Liquidity, Volume of Capital, Financial Assets (FA), and Growth Rate (GR). Each predictor contributes to the overall model, and their coefficients can be interpreted as the change in the volume of premium associated with a one-unit change in the respective predictor, holding other variables constant. The standard error of the estimate is 3.94646, representing the average difference between the observed and predicted values of the volume of premium. Overall, the model appears to capture a substantial portion of the variability in the volume of premium, and the paragraph highlights key statistical metrics that assess the model's goodness of fit and predictive ability.

Table 6

Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	406.200	5	81.240	5.216	.002 ^b
	Residual	404.938	26	15.575		
	Total	811.138	31			

- a. Dependent Variable: Volume of Premium
- b. Predictors: (constant), Size, Liquidity, volume of capital, FA and GR

Table 6 presents the Analysis of Variance (ANOVA) results for the regression model assessing the Volume of Premium. The table is divided into three sections: Regression, Residual, and Total. The Regression section includes the Sum of Squares (406.200), Degrees of Freedom (df) for the model (5), Mean Square (81.240), F-statistic (5.216), and the associated p-value (.002b). The significant p-value ($p = .002$) suggests that at least one of the predictor variables in the model has a statistically significant relationship with the Volume of Premium. The F-statistic of 5.216 indicates that the variance explained by the regression model is significantly greater than what would be expected by chance alone.

In the Residual section, the table provides information on the Sum of Squares (404.938) and Degrees of Freedom for the residuals (26). The Residual Mean Square is 15.575, representing

the average variance within the data that is not explained by the model. Finally, the Total section includes the overall Sum of Squares (811.138) and the Total Degrees of Freedom (31). The ANOVA table allows for an assessment of the overall fit of the regression model by comparing the explained variance (Regression) with the unexplained variance (Residual). The paragraph emphasizes the significance of the F-statistic and p-value, indicating the overall effectiveness of the model in explaining the variability in the Volume of Premium.

Table 7

Regression Coefficient

Coefficients^a

Model		Unstandardized Coefficients		Standardized	t-value	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	11.644	2.886		4.034	.000
	Size	-.001	.000	-.478	-2.885	.008
	Liquidity	-.291	.147	-.330	-1.981	.058
	Volume of Capital	-.820	.348	-.414	-2.358	.026
	Fixed Assets	.433	.169	.480	2.568	.016
	Growth Rate	-.026	.040	-.095	-.640	.128

a. Dependent Variables: Volume of Premium

Table 7 provides a detailed view of the correlation coefficients and regression statistics for a model examining the relationship between the Volume of Premium and several predictor variables. The table is organized into five columns: Unstandardized Coefficients, Standardized Coefficients (Beta), t-value, and Significance (Sig.). The model includes a constant term, denoted as (B), along with Size, Liquidity, Volume of Capital, Fixed Assets (FA), and Growth Rate as predictor variables. The dependent variable is the Volume of Premium. The unstandardized coefficients offer insights into the estimated change in the Volume of Premium associated with a one-unit change in each predictor. The constant term has an unstandardized coefficient of 11.644, indicating the expected intercept when all predictor variables are zero. The associated standard error (Std. Error) is 2.886, providing a measure of the variability in

the constant term estimate. The t-value of 4.034 for the constant term indicates its significance, and the p-value of .000 suggests that the constant is significantly different from zero.

The Size of the company variable has an unstandardized coefficient of -0.001, with a standard error of 0.000. The negative sign implies an inverse relationship between Size and Volume of Premium, and the t-value of -2.885, along with a significant p-value of .008, indicates that the Size variable is statistically significant. The Liquidity variable has an unstandardized coefficient of -0.291, suggesting that a one-unit increase in Liquidity is associated with a decrease of 0.291 units in Volume of Premium. However, the p-value of .058 for Liquidity is slightly above the conventional significance level of 0.05, indicating that it is marginally significant. The Volume of Capital variable has an unstandardized coefficient of -0.820, indicating a negative relationship with Volume of Premium. The t-value of -2.358 and a p-value of .026 suggest that the Volume of Capital is statistically significant in predicting the Volume of Premium. Fixed Assets (FA) exhibit a positive relationship, with an unstandardized coefficient of 0.433. The t-value of 2.568 and a p-value of .016 indicate the statistical significance of Fixed Assets in predicting the Volume of Premium. Lastly, the Growth Rate variable has an unstandardized coefficient of -0.026, implying a negative impact on Volume of Premium, but with a p-value of .128, it is not statistically significant at the conventional 0.05 level. The standardized coefficients (Beta) provide a basis for comparing the relative importance of each predictor, taking into account differences in scale. For instance, the Beta value of -0.478 for Size suggests that Size has a relatively higher impact on the Volume of Premium compared to other predictors. The detailed examination of each coefficient, t-value, and significance level allows for a nuanced understanding of the strengths and directions of the relationships between the predictor variables and the Volume of Premium.

The constant term has a coefficient of 11.644, indicating the estimated intercept when all predictor variables are zero. The t-values associated with each predictor measure the significance of the coefficients, and the corresponding p-values indicate whether the predictors are statistically significant in predicting the Volume of Premium. Notably, the Size variable has a significant negative impact ($t = -2.885$, $p = .008$), suggesting that larger entities may experience a decrease in the Volume of Premium. Additionally, Fixed Assets show a

significant positive impact ($t = 2.568$, $p = .016$), implying that higher levels of fixed assets are associated with an increase in the Volume of Premium.

In conclusion, Table 7 serves as a comprehensive guide to the regression model, offering detailed information on the individual and collective contributions of the predictor variables. Researchers and practitioners can use these findings to make informed decisions and gain insights into the factors influencing the Volume of Premium in the examined context.

4.4 Discussion

From the above data analysis, the following major findings have been drawn:

The Size of Company, represented by the total assets, exhibits a substantial range from 131.33 to 5918.88, with a mean of 2133.661 and a standard deviation of 1362.685. This wide dispersion indicates a diverse set of companies in terms of their overall size, from smaller entities to larger corporations. Such diversity might have implications for the risk and return profiles of the companies within the sample. Moving to Liquidity, the minimum and maximum values are 2.10 and 31.34, respectively, suggesting a varied degree of short-term solvency among the observed companies. The mean liquidity stands at 8.018, with a standard deviation of 5.799, underscoring the potential variability in how companies manage their current assets and liabilities.

Volume of Capital, denoting the financial resources available for operations and expansion, ranges from 1.05 to 11.69. The mean and standard deviation are 2.799 and 2.586, respectively. This metric provides an indication of the companies' capacity to fund their activities and pursue growth opportunities.

Fixed Assets, representing the long-term investments and infrastructure of the companies, display a diverse range from 0.61 to 25.35. The mean and standard deviation are 5.125 and 5.673, indicating variability in the capital-intensive nature of the observed businesses. This information is crucial for understanding the asset composition and capital structure of companies. Examining Growth Rate, an essential indicator of the companies' expansion or contraction, the range spans from 8.76 to 91.70, with a mean of 31.911 and a standard deviation of 18.816. This wide dispersion signifies heterogeneity in the growth trajectories of the sample companies, highlighting potential differences in industry dynamics or strategic approaches.

Finally, the Volume of Premium, representing the additional value attributed to certain financial instruments or assets, shows a range from 0.79 to 22.56. The mean and standard deviation are 6.16 and 5.16, respectively, reflecting the diversity in the premium valuation across the observed companies.

The correlation coefficients range from -1 to 1, where negative values indicate an inverse relationship, positive values denote a direct relationship, and 0 implies no linear correlation. Volume of Premium, the correlation values are found in the diagonal line of ones since a variable is perfectly correlated with itself. The off-diagonal elements reveal the strength and direction of relationships between different pairs of variables. Notably, the negative correlation coefficient (-.446**) with Size of the company suggests an inverse relationship between the size of the company and the volume of premium. This indicates that larger companies tend to have a lower volume of premium, and vice versa. Moving on to Liquidity, it shows positive correlations with Size of the company and Volume of Capital (.588** and .115, respectively). This implies that larger and more liquid companies tend to have higher volumes of capital, reflecting a potential relationship between company size, liquidity, and capital resources.

The correlation between Size of the company and Volume of Capital is negligible (0.008), suggesting that the size of a company does not significantly impact its volume of capital. On the other hand, the negative correlation between Size of the company and Volume of Premium supports the notion that larger companies may focus less on premium valuation. Fixed Assets (FA) exhibit interesting correlations with other variables. The negative correlation with Liquidity (-.505**) suggests that companies with higher liquidity might have fewer fixed assets. Additionally, the negative correlation with Size of the company (-.328*) indicates that smaller companies tend to have more fixed assets. This implies a potential trade-off between liquidity and fixed asset investment, with larger companies favoring liquidity over fixed assets. Growth Rate (GR) shows substantial correlations with Size of the company (-.446**) and Liquidity (-.471**), indicating that larger and more liquid companies tend to experience lower growth rates. This may reflect the challenges larger companies face in maintaining high growth rates compared to their smaller, more agile counterparts.

The regression model includes a constant term and five predictor variables: Size of the company, Liquidity, Volume of Capital, Financial Assets (FA), and Growth Rate (GR). Each predictor contributes to the overall model, and their coefficients can be interpreted as the change in the volume of premium associated with a one-unit change in the respective predictor, holding other variables constant. The standard error of the estimate is 3.94646, representing the average difference between the observed and predicted values of the volume of premium. Overall, the model appears to capture a substantial portion of the variability in the volume of premium, and the paragraph highlights key statistical metrics that assess the model's goodness of fit and predictive ability.

The unstandardized coefficients offer insights into the estimated change in the Volume of Premium associated with a one-unit change in each predictor. The constant term has an unstandardized coefficient of 11.644, indicating the expected intercept when all predictor variables are zero. The associated standard error (Std. Error) is 2.886, providing a measure of the variability in the constant term estimate. The t-value of 4.034 for the constant term indicates its significance, and the p-value of .000 suggests that the constant is significantly different from zero.

The Size of the company variable has an unstandardized coefficient of -0.001, with a standard error of 0.000. The negative sign implies an inverse relationship between Size of the company and Volume of Premium, and the t-value of -2.885, along with a significant p-value of .008, indicates that the Size of the company variable is statistically significant. The Liquidity variable has an unstandardized coefficient of -0.291, suggesting that a one-unit increase in Liquidity is associated with a decrease of 0.291 units in Volume of Premium. However, the p-value of .058 for Liquidity is slightly above the conventional significance level of 0.05, indicating that it is marginally significant. The Volume of Capital variable has an unstandardized coefficient of -0.820, indicating a negative relationship with Volume of Premium. The t-value of -2.358 and a p-value of .026 suggest that the Volume of Capital is statistically significant in predicting the Volume of Premium. Fixed Assets (FA) exhibit a positive relationship, with an unstandardized coefficient of 0.433. The t-value of 2.568 and a p-value of .016 indicate the statistical significance of Fixed Assets in predicting the Volume of Premium. Lastly, the Growth Rate variable has an unstandardized coefficient of -0.026,

implying a negative impact on Volume of Premium, but with a p-value of .128, it is not statistically significant at the conventional 0.05 level. The standardized coefficients (Beta) provide a basis for comparing the relative importance of each predictor, taking into account differences in scale. For instance, the Beta value of -0.478 for Size suggests that Size of the company has a relatively higher impact on the Volume of Premium compared to other predictors. The detailed examination of each coefficient, t-value, and significance level allows for a nuanced understanding of the strengths and directions of the relationships between the predictor variables and the Volume of Premium.

The constant term has a coefficient of 11.644, indicating the estimated intercept when all predictor variables are zero. The t-values associated with each predictor measure the significance of the coefficients, and the corresponding p-values indicate whether the predictors are statistically significant in predicting the Volume of Premium. Notably, the Size variable has a significant negative impact ($t = -2.885$, $p = .008$), suggesting that larger entities may experience a decrease in the Volume of Premium. Additionally, Fixed Assets show a significant positive impact ($t = 2.568$, $p = .016$), implying that higher levels of fixed assets are associated with an increase in the Volume of Premium.

The result of regression analysis showed that the impact of the growth rate of the life insurance companies in their premium is negative and statistically insignificant. The result is explained by the ideas that by collecting more premiums life insurance companies are negatively affected to its premium. The above conclusion is also consistent with the conclusions reached by international scholars (Malik, 2011); (Yuqi,2007); (Naveed, Zulfquar, & Ahmad, 2011) about the impact of the rate of growth in the premium of insurers.

CHAPTER V

SUMMARY AND CONCLUSION

The results of the study are summarized in this chapter, which begins with a thorough discussion and ends with some closing thoughts. To wrap up the chapter, it explores the implications of the findings and suggests possible directions for further research.

5.1 Summary

As a result of regression analysis, we found that the company size factor has a statistically significant negative impact on the premiums of life insurance companies in Nepal. The findings align with international research exploring the impact of firm size on insurance premiums, as demonstrated by Niresh & Velnampy (2014) and Velnampy & Nimalathan (2010). It appears that in the financial sector, particularly among life insurance companies, the relationship between firm size and premiums may be less pronounced compared to industrial firms. However, it's important to note that these findings are consistent with how firm size affects the profitability of life insurance companies. The regression analysis reveals a statistically significant negative correlation between insurance premiums and the premium volume of life insurance companies in our country. This outcome could be explained by the observed pattern wherein an increase in the current ratio, indicating liquidity, correlates with a decrease in premiums, as highlighted in the study by Chen & Wong (2004). Essentially, the notion is that funds held in liquid form can be strategically invested to generate higher premium returns (Chen & Wong, 2004).

Regression analysis confirmed that there is a negative correlation between the amount of capital and volume of premium. Previous research suggests that capital has a positive impact on life insurance companies' premiums because higher levels of capital allow for faster exploitation of opportunities and faster response to losses. It should be noted that the effect of capital volume on life insurance premiums may depend on country-specific macroeconomic factors, which are not considered in this study.

Furthermore, regression analysis showed that an increase in the fixed asset variable corresponds to an increase in premiums for life insurance companies, which showed a positive

and statistically significant relationship with volume of premium. This result can be explained by the fact that an increase in fixed assets has a positive impact on a company's insurance premiums. The results of the regression analysis show that the growth rate of life insurance companies has a negative impact on premiums and is not statistically significant. This result is interpreted to mean that the accumulation of additional premiums has a negative impact on the premiums of life insurance companies. This conclusion is consistent with the findings of international scholars such as Malik (2011), Yuqi (2007), Naveed, Zulfquar & Ahmad (2011), who also found that the negative impact of growth rate on premiums of insurance companies.

5.2 Conclusion

The purpose of this study is to evaluate certain company-related factors that influence premiums of life insurance companies, as measured by volume of premium. The study used secondary data from 2014 to 2022 and focused on a sample of four active life insurance companies. Descriptive statistics, regression analysis, and normality tests were conducted to gain insight into the premiums of the selected life insurance companies in the broader context of the life insurance industry. This study investigated the impact of firm-level characteristics on life insurance premiums over an eight-year period from 2014 to 2022, considering firm size of the company, liquidity, capital amount, fixed assets, and growth rate as explanatory variables. At the same time, Volume of the premium was identified as dependent variables. This highlights the importance of internal factors in determining premiums in the insurance sector. The research questions posed in the first chapter were systematically addressed in the final part of this study.

The main objective of this study is to assess the determinants that influence life insurance premiums in a country. The analysis revealed that company-specific factors such as company size of the company (Size), liquidity (LIQ.), amount of capital (VOC), fixed assets (FA), and growth rate (GR) are important in forming insurance premiums. It turns out that it plays a role. Each specific determinant is found to be directly related to the insurance premium, with some determinants showing a positive impact leading to an increase in the insurance premium and vice versa, and a negative impact leading to a decrease in the insurance premium. However, as highlighted by Oktiani and Andati (2017), it is important to recognize the influence of macroeconomic factors in addition to these specific determinants,

and that insurance premiums go beyond company-specific factors. It argues that it can be influenced by broader economic conditions. The main results of this study show that fixed assets are the main factors influencing premiums of life insurance companies in Nepal. The results show that fixed assets have a positive impact on the volume of premium of these companies. This suggests that an increase in fixed assets will lead to an increase in the rate of return on assets and capital, and conversely, a decrease in fixed assets will lead to a decrease in the rate of return. Further, the study concludes that considering the nature of the impact of the identified factors on life insurance premiums, life insurance companies in Nepal generally operate with negative average premiums.

The Size of the company variable has an unstandardized coefficient of -0.001, with a standard error of 0.000. The negative sign implies an inverse relationship between Size of the company and Volume of Premium, and the t-value of -2.885, along with a significant p-value of .008, indicates that the Size of the company variable is statistically significant. The Liquidity variable has an unstandardized coefficient of -0.291, suggesting that a one-unit increase in Liquidity is associated with a decrease of 0.291 units in Volume of Premium. However, the p-value of .058 for Liquidity is slightly above the conventional significance level of 0.05, indicating that it is marginally significant. The Volume of Capital variable has an unstandardized coefficient of -0.820, indicating a negative relationship with Volume of Premium. The t-value of -2.358 and a p-value of .026 suggest that the Volume of Capital is statistically significant in predicting the Volume of Premium. Fixed Assets (FA) exhibit a positive relationship, with an unstandardized coefficient of 0.433. The t-value of 2.568 and a p-value of .016 indicate the statistical significance of Fixed Assets in predicting the Volume of Premium. Lastly, the Growth Rate variable has an unstandardized coefficient of -0.026, implying a negative impact on Volume of Premium, but with a p-value of .128, it is not statistically significant at the conventional 0.05 level. The standardized coefficients (Beta) provide a basis for comparing the relative importance of each predictor, taking into account differences in scale. For instance, the Beta value of -0.478 for Size of the company suggests that Size has a relatively higher impact on the Volume of Premium compared to other predictors. The detailed examination of each coefficient, t-value, and significance level allows for a nuanced understanding of the strengths and directions of the relationships between the predictor variables and the Volume of Premium.

5.3 Implications of the Study

The study's objective was to examine the factors that influence certain life insurance companies' premiums. The following implications have been identified as a result of the findings and analysis:

- i. The study solely focuses on internal factors, neglecting the inclusion of macroeconomic variables like money supply and unemployment rates, which also play a crucial role in determining the premiums of financial companies.
- ii. The size of the chosen life insurance sector is on the rise. The expanding number of selected Life Insurance Companies signifies the presence of competition in the market. In order to oversee, manage, and regulate this industry, it is imperative for the government to formulate strategies and policies.
- iii. The study is constrained by a limited sample size and a short time frame, suggesting that future research could benefit from utilizing a larger sample size and extending the study duration. Recommendations for companies include expanding insurance operations in rural areas through branch establishment or agent appointments based on potentiality. The adverse effects of company size and volume of capital on life insurance premiums underscore the importance of avoiding high levels of debt to enhance return on assets.
- iv. Furthermore, it is proposed that life insurance businesses should prioritize social responsibility over a sole focus on augmenting total premiums. This strategic shift is deemed essential for ensuring stability in the current landscape of the life insurance industry.
- v. In every industry, life insurance serves as a crucial and essential investment. As a prominent player in the non-life insurance sector in Nepal, the company is encouraged to engage in advertising and educational initiatives to enlighten the public about the advantageous aspects of insurance. This proactive approach can significantly mitigate substantial losses stemming from uncertainties.
- vi. The findings of this study are predominantly derived from an examination of life insurance companies in Nepal. Therefore, future research endeavors could broaden their scope to encompass additional sectors, both financial (e.g., commercial banks,

development banks, finance companies) and non-financial (e.g., hotels, manufacturing industries, microfinance, hydro-power companies listed in NEPSE). Additionally, extending the study to include non-life insurance companies would provide a more comprehensive understanding of the insurance landscape. It's worth noting that this study relies exclusively on secondary data and lacks insights into the preferences of various stakeholders.

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APPENDICES

Size of Selected Life Insurance Companies (in million Rs.)

Year	ALICL	NLIC	GLICL	PLICL
2014/15	1890.07	131.33	604.65	558.45
2015/16	2888.88	487.73	849.87	1242.87
2016/17	4145.08	665.13	1429.86	2059.34
2017/18	1103.52	901.57	1957.88	2062.09
2018/19	1407.54	1573.53	2814.04	3589.64
2019/20	1716.41	1417.92	3645.55	2492.80
2020/21	1541.37	2397.59	4656.95	3794.73
2021/22	1658.91	3579.81	5918.88	3093.15

Liquidity of Selected Life Insurance Companies

Year	ALICL	NLIC	GLICL	PLICL
2014/15	15.44	2.80	4.35	2.10
2015/16	14.51	6.86	10.37	3.79
2016/17	31.34	6.71	13.39	4.59
2017/18	7.43	4.75	11.90	6.00
2018/19	6.34	5.22	14.06	5.65
2019/20	5.87	4.06	12.17	3.91
2020/21	4.32	4.81	13.88	5.18
2021/22	3.25	5.92	11.50	4.09

Volume of Capital of Selected Life Insurance Companies

Year	ALICL	NLIC	GLICL	PLICL
2014/15	1.46	5.14	1.36	2.72
2015/16	1.35	1.81	1.32	1.65
2016/17	1.27	1.96	1.16	1.37
2017/18	6.11	1.45	1.12	1.80
2018/19	6.20	1.54	1.05	1.35
2019/20	6.43	2.44	1.06	2.53
2020/21	9.52	2.09	1.11	2.47
2021/22	11.69	1.96	1.19	3.90

Fixed Assets of Selected Life Insurance Companies

Year	ALICL	NLIC	GLICL	PLICL
2014/15	3.50	6.31	2.80	25.35
2015/16	2.35	2.35	2.68	10.78
2016/17	1.75	3.20	1.66	5.84
2017/18	1.84	3.06	1.42	5.84
2018/19	15.02	2.15	0.89	3.24
2019/20	13.15	2.69	0.61	4.43
2020/21	14.55	1.75	0.77	3.06
2021/22	14.78	1.71	0.74	3.73

Growth Rate of Selected Life Insurance Companies

Year	ALICL	NLIC	GLICL	PLICL
2014/15	10.48	38.60	62.48	39.63
2015/16	11.06	33.71	11.34	19.79
2016/17	19.90	91.70	33.73	8.76
2017/18	20.24	74.87	44.97	12.01
2018/19	21.32	48.62	40.14	25.74
2019/20	14.51	24.07	38.54	18.78
2020/21	31.59	30.57	35.29	16.11
2021/22	39.78	45.98	32.73	24.11

Volume of the Premium of Selected Life Insurance Companies

Year	ALICL	NLIC	GLICL	PLICL
2014/15	6.03	22.38	7.03	22.56
2015/16	4.35	8.26	5.46	10.16
2016/17	1.81	6.58	2.69	5.66
2017/18	2.83	2.43	1.89	5.87
2018/19	7.54	8.42	.79	5.82
2019/20	2.95	9.61	.85	9.44
2020/21	2.99	5.06	1.23	5.70
2021/22	3.51	5.83	1.29	10.12

Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
Size of the Company	131.33	5918.88	2133.661	1362.685
Liquidity	2.10	31.34	8.018	5.799
Volume of Capital	1.05	11.69	2.799	2.586
Fixed Assets	0.61	25.35	5.125	5.673
Growth Rate	8.76	91.70	31.911	18.816
Volume of Premium	0.79	22.56	6.16	5.16

Valid N (likewise) 48

Correlation Matrix

	Volume of premium	Size	Liquidity	Volume of capital	FA	GR
Volume of premium	1					
Size of the company	-.446**	1				
Liquidity	.250	.588**	1			
Volume of capital	-.277	.008	.115	1		
FA	.017	-.328*	-.505**	.035	1	
GR	.061	-.446**	-.471**	.140	.710**	1

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

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708 ^a	.501	.405	3.94646

- a. Predicators: (constant), Size, Liquidity, volume of capital, FA and GR
- b. Dependent Variable: ROA

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	406.200	5	81.240	5.216	.002 ^b
	Residual	404.938	26	15.575		
	Total	811.138	31			

- a. Dependent Variable: ROA
- b. Predicators: (constant), Size, Liquidity, volume of capital, FA and GR

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.644	2.886		4.034	.000
	Size	-.001	.001	-.282	-1.696	.102
	Liquidity	-.291	.147	-.330	-1.981	.058
	Volume of Capital	-.820	.348	-.414	-2.358	.026
	Fixed Assets	.433	.169	.480	2.568	.016
	Growth Rate	-.026	.040	-.095	-.640	.128

- a. Dependent Variables: ROA

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ABSTRACT This study is examined

determinants of insurance **premium of life insurance companies in Nepal. The** main **objectives of** this **study are to** examine **the** current status of **internal**

factors that affect the collection of **insurance premium of** Nepalese **life insurance companies**

, to analyze the relationship between

size of the **company, liquidity, volume of capital, fixed assets, and growth rate with** collection of insurance **premium**

in Nepalese life insurance companies, and to analyze the impact of

size of the **company, liquidity, volume of capital, fixed assets and growth rate with** collection of insurance **premium**

in Nepalese life insurance companies.

size of the **company, liquidity, volume of capital, fixed assets and growth rate are** the **independent variables**

and Volume of premium is the dependent variable in this study. Mean, standard deviation, correlation and multiple regression analysis are taken to present data. The major finding of this study is the negative correlation coefficient with Size suggests an inverse relationship between the size of the companies and the volume of premium, this implies that larger and more liquid companies tend to have higher volumes of capital, reflecting a potential relationship between company size, liquidity, and capital resources. In term of regression coefficient size, volume of capital and fixed assets are the significant relationship with the volume of premium and impact on volume of the life insurance companies in Nepal. Liquidity and growth rate are the insignificant relationship with volume of the