Awareness of Policyholders towards the Terms and Conditions of Life Insurance Policy

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ABSTRACT

Life insurance is a long-term investment and risk management tool. Yet policyholders often fail to recall the major attributes of the policy and its terms and conditions. The memory, understand and awareness towards the life insurance policy is influenced by various factors. The research aims to examine the association between the policyholders' mental states, including their recall of policy characteristics, the value placed on policies, and their retained knowledge with the age and level of education. The study follows quantitative, descriptive, and cross-sectional research design. Data were gathered from 474 purposively selected policyholders in Gandaki and Bagmati Province using structured questionnaires. Descriptive and inferential tools were employed for analysis. Most policyholders are unaware of the maturity period of their policies, while only 2% cannot recall the purchased year. Memory of terms like premium waivers shows weak correlations, with even weaker links for other contract details. Out of seven tested associations, age has been found to be an insignificant factor, but education significantly influenced recall of some policy aspects. Many policyholders neglect reading terms and conditions, relying heavily on agents or relatives. Factors such as forced selling, policy complexity, and overconfidence in insurers contribute to this behavior, as explained by Cognitive Dissonance Theory. Policyholders

tend to avoid engaging with contract details to reduce psychological discomfort, leading to insufficient understanding and potential loss of benefits. The findings emphasize the need for insurers to implement better education and communication strategies to enhance policyholders' awareness and engagement with their insurance products.

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Keywords: Contractual provisions, life insurance policy, policyholders' awareness, riders, sum assured

INTRODUCTION

Customers' awareness is the best way of preventing fraudulent in neo-liberal society. In Laissez Faire, most of the businesses are affected by fraudulent activities despite the stringent regulation and internal control. The insurance business is no exception to this. Insurance fraud is committed by both internal and external stakeholders. Insurance companies' employees or insurance agents can misappropriate funds through lapping, skimming, fictitious policies, forgery, churning, etc. In non-life insurance, the insured also holds the mentality of getting more benefits than actual losses. Insurance fraud origins in an insured are supported by agents, shared with other insured and encouraged to buy policy (Hutterer, 2018). Uneducated and unaware people are either deceived or manipulated by the agents (Rana, 2024). The people who have not understood the principles of insurance- e.g., in third-party vehicle insurance, some riders sacrifice their premiums so that the company can provided millions to the other few riders, if all the policy buyers hold the greed, or jealousy the industry cannot sustain, it reduces the fraud mentality of insured. Similarly, if an insured is aware of reading all the terms and it properly, it reduces the chances of being deceived. Nearly 150 years ago, it was mentioned that insurers in USA trapped and misused uneducated personas (Hutterer, 2018). Currently, similar cases have been happened in Nepal as a result, the entire insurance industry is being defamed.

Insurance literacy studies show that the greater the literacy, the higher the individual's participation in the insurance market. Given the lower level of insurance literacy compared to financial literacy, policymakers and institutions must provide more insurance education (Bongini, Cucinelli & Soana, 2023). An insurance awareness study in Nepal reveals that buying an insurance policy is the only right decision if the benefits predictable, meanwhile insurance literary has been found desperate (Ghimire, 2020). Insurance literacy is essential

for the fair insurance business. To what extent policyholders in Nepal are aware about the general information of policy wordings is an interrogation of the study. Insurance is the bond of contract that is bound by its terms and conditions. Reading and understanding the terms and conditions and applying them effectively and efficiently in life are the indicators of insurance literacy.

Insurance is a complex and long-term financial contract where both parties agree to exchange the benefits. A life insurance contract is a standard contract that includes number of terms and conditions that is prepared with the mutual understanding of insurer and insured. The rider is added as per the requirement of policyholders, maturity period is determined based on the age, premium amount, and objectives of the buying policy. The sum assured is determined based on the financial capability of the insured and premium is determined based on maturity period and sum assured (Bacinello, 2003). Riders are sold as per the demand and paying capacity of the insured. Principally, we can say that all the terms and conditions are well informed to insured, and agreed by insured before hand over the policy. In practices, there is deviation with the principle, there is number of cases of policy surrender and policy lapses. There are various reasons behind the discontinuity of the policy prior to the maturity period resulting of misunderstanding of the policy terms and mis-selling by agents or any intermediaries.

Before purchasing a life insurance policy, customers have no idea about the terms and conditions but they have the opportunity to know about it in different phases of policy purchase viz. pre-sales counselling, during the sales and even after sales, agents are available for counseling. It is assumed that policyholders are fully informed about the terms and conditions of the contract. In this instance, a series of generic inquiries have been used to gauge the policyholders' awareness and mental states regarding the attributes of policy they possessed.

The objective of this study is to map the policyholders' mental states, including whether they have been recalling the characteristics of the products they own, whether they have placed value on their policy, and what kinds of information they have and have not retained. The study does not confirm whether the response is accurate or not. All information provided by the policyholder is taken to be accurate. Respondents may choose "I have no idea about it" if they are ignorant of the specific issues.

The paper is divided into four sections. A review of pertinent literature is included in the next section. The third section explains the methodology, while the fourth section includes

results and discussion of the findings. The last section of the study presents conclusions and their consequences.

LITERATURE REVIEW

The paper attempts to assess the status of life insurance policyholders' habitual remembrance of the terms and conditions of the contract. This section tries to link some relevant theories with the research questions. Information Processing Theory examines how individuals' process, understand, and retain information. In the context of life insurance, it focuses on how policyholders perceive and interpret the complex terms and conditions of insurance policies (Miller, 1956).

Cognitive Dissonance Theory explains that humans naturally seek out consistency in their attitudes, behaviors, and beliefs (Festinger, 1959). They feel uncomfortable psychologically when they come across facts or circumstances that make them feel inconsistent or at odds with one another. People may minimize or downplay unsatisfactory information that contradicts their preexisting attitudes or ideas to lessen their discomfort. Meanwhile, Diffusion of Innovations Theory suggests that as innovations and ideas, practices, or products spread because of its novelties, policyholders become aware of the terms and conditions mentioned in new insurance products and understand even the complex policy terms over time (Rogers, 1962). Behavioral Economics and Decision-Making Theories (Kahneman & Tversky, 1979) explain that policyholders may not fully understand all aspects of a life insurance policy due to these constraints, leading to a superficial or incomplete understanding of the terms and conditions. It explores how people make decisions under risk and uncertainty. It suggests that policyholders may misunderstand or underestimate the risks associated with life insurance, leading to suboptimal choices.

Consumers' understanding of products and services varies based on their knowledge and expertise (Peter & Olson, 1987). In life insurance, policyholders with more knowledge are likely to have a better understanding of policy terms and conditions. Insurance companies can segment their customers based on their level of knowledge and expertise and provide tailored information and education to enhance their understanding of policies. Besides, the knowledge aspect, individual behavior is driven by intentions, which are influenced by attitudes, subjective norms, and perceived behavioral control as the Theory of Planned Behavior by Ajzen (1991). Policyholders' perceptions and values towards insurance policies are influenced by various

factors, including biases, heuristics, and restricted rationality as they sometimes make illogical financial decisions (Thaler, 2016). This discussion suggests that buying insurance policy is decided by many cognitive, emotional factors, however, sound knowledge about policy is must for the right decision. Buying a policy in the request of a close or trusted person or relying the righteous of terms and condition of government-regulated institution rather than a sound knowledge of the contractual and genuine need of the buyer are the causes of forgetting and misinformation.

The cursory look complex and unfamiliar terms in life insurance policies, and policyholders may experience cognitive overload, hindering their understanding as suggested by Cognitive Load Theory of Sweller (1988). Source Monitoring Framework (Johnson et. al., 1993) theory explains how individuals may fail to remember the origin of their memories. The same applies to the policyholders that they cannot recall the specifics of their insurance contracts or confuse or forget details of the original contract. It leads to poor recall and misunderstandings about key terms. In addition, people store the gist of information rather than detailed verbatim traces (Reyna & Brainerd, 1995). Therefore, policyholders often retain a vague understanding of their life insurance policies (such as knowing they are insured) but miss important details like the sum assured, premium amounts, or the exact terms and conditions. Inability of memorize is supported by the Theory of Seven Sins of Memory (Schacter, 1999), that highlights key cognitive limitations like transience (forgetting over time) and absent-mindedness, which are crucial to understanding why policyholders often fail to recall important details about their life insurance policies. The memory's misdeeds can be classified into seven basic "sins": transience, absent-mindedness, blocking, misattribution, suggestibility, bias, and persistence. The first three sins involve different types of forgetting, the next three refer to different types of distortions, and the final sin concerns intrusive recollections that are difficult to forget. So the theories support that the policyholders' forgetfulness of contract details can be attributed to memory errors such as absent-mindedness during the contract signing or transience over time, where they forget terms and conditions.

Policyholders may rely on emotional responses or intuition during decision-making, leading them to overlook critical aspects of the policy and resulting in poor recall of important contract details as Dual Process Theory (Slovic et al., 2004). It distinguishes between analytical and affective processing, explaining how emotional reactions can interfere with policyholders' ability to process detailed information. Another reason of not remembering

the facts and figures may be the decision of buying policy influenced high expectation from the policy and is considered overvaluing some features. This behavior can be linked with Prospect Theory established by Kahneman and Tversky (2013). Review of these theories insight us memory limitations, emotional biases, and information overload gives the frame to assess the memorization of a person in different aspects- certain variables or terms and conditions mentioned in insurance policy. Meanwhile suggested that the reasons (a) Memory Errors, Forgetfulness, and Cognitive Limitations, (b) Influence of External Information and Misinformation, (c) Impact of Intuition, Emotion, and Limited Analytical Processing, (d) Inattention and Distraction at Key Moments, (e) Selective Focus on Certain Terms and Neglect of Others have been identified behind forgetting the information related to the life insurance terms and condition by the policyholders. Literature raises curiosity- does memorization of different terms and conditions depends on a policyholder's values, beliefs knowledge, and expertise?

Many policyholders fail to recall details of their insurance contracts due to cognitive limitations like transience (forgetting over time) and absent-mindedness (Schacter, 1999). Memory errors related to accessibility versus precision (Koriat et al., 2000) and retaining gist representations instead of detailed facts (Reyna & Brainerd, 1995) explain why policyholders remember some details vaguely but miss specifics, such as sum assured or terms of the policy. Additionally, overconfidence in their understanding of the contract (Alba & Hutchinson, 2000) can cause policyholders to believe they know more about their policy than they do.

External influences like advertising and post-purchase communication distort policyholders' memories and create false recollections (Braun & Loftus, 1998). Exposure to misinformation after signing the contract further affects memory accuracy (McCloskey & Zaragoza, 1985). Policyholders are also likely to forget or misremember due to post-event influences, such as advertising or external feedback shaping how they perceive their contract (Danaher & Rust, 1996; DiClemente et al., 2001). Intuitive decision-making may lead to less detailed recall of important facts because people focus more on general impressions rather than scrutinizing specific contract terms (Glöckner & Engel, 2013). Policyholders may neglect essential terms due to emotional responses affecting their risk perception (Slovic et al., 2004). When processing their insurance decisions, people often make choices based on reasons they can justify and ignore other crucial aspects, such as policy terms or premium conditions (Shafir et al., 1993). These emotional and intuitive reactions hinder their ability to process and

remember details analytically.

Distractions or divided attention during the contract signing process impair memory retention (Fernandes & Moscovitch, 2000). Many policyholders may not focus on the full details of their insurance contracts due to distractions, especially when presented with default options (Brown & Krishna, 2004). Similarly, the separation between payment and benefits (Gourville & Soman, 1998) might further contribute to poor memory retention, as policyholders may not associate premium payments with the coverage and benefits, they receive.

People tend to focus on certain aspects of their insurance contracts (e.g., sum assured or premiums) and neglect other important details, such as the type of policy or terms of the contract (Carmon & Ariely, 2000). This selective focus results in memory gaps for overlooked terms. The dual processes of decision-making, analytical and affective, cause policyholders to overlook critical information when they rely on emotional responses to insurance policies (Slovic et al., 2004). Furthermore, they may not scrutinize contract details carefully if they are over-reliant on default options or standard contract provisions (Brown & Krishna, 2004).

These five conclusions provide an integrated understanding of why policyholders may struggle to remember the details of their life insurance contracts. The objective of this study is to examine whether the age of policyholders and their level of education determine remembering of important facts of contracts. We have not found such studies so that this is the gap of this study.

Conceptual Framework and Hypothesis

The conceptual framework is exhibited in Figure 1 which depicts the association between the age and education and policyholders' awareness, remembrance and understanding towards the policy attributes.

Figure 1

Conceptual Framework
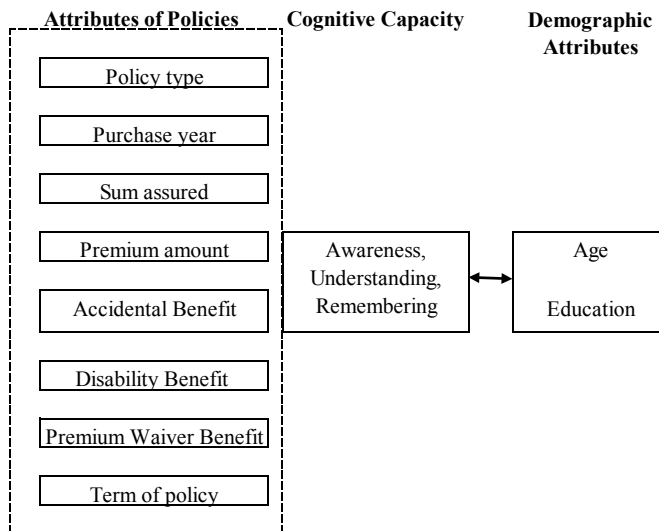
The meaning of eight attributes of the policy is briefly mentioned here. Policy type refers to endowment, money back, single premium, whole life, child policy etc. Purchase year means year of policy purchased in BS or AD. Sum assured indicates that total amount of insurance and premium means amount to be paid by insured every year to renew the policy. Accidental rider means the benefits which is paid to beneficiaries in case of accidental death of policyholders and disability benefits means the provisions which is applicable if the policyholder is declared permanently disabled due to accident. Premium waiver means no need to pay the premium in case of death of proposer and beneficiaries (miner) gets the maturity benefits after policy mature. Term of policy means duration of maturity period in year.

The study examines whether the cognitive capacity (ability of remembering, understanding and awareness) towards the policy attributes are associated with the age and education of the policy holders. Following assumptions has been tested using inferential statistics.

H_1: *Awareness, understanding and remembrance about the terms and conditions of life insurance policy is associated with the age and education of the policyholders.*

METHODOLOGY

This study followed the assumption of the Neo-positivist paradigm. This study assumes that there is a concrete reality regarding whether people remember or are aware of the insurance terms, i.e., individuals' awareness of the terms and conditions is an objective state that can be measured accurately through Yes/No responses. The sequence of using Yes/No questions, generating categorical data, and testing hypothesis is a commitment to empirical, measurable data as the foundation for understanding individuals' awareness. Assessing individuals' awareness toward something by asking yes-know question is a fact-based study, therefore it is value-neutral in axiology. By using Yes/No questions and binary data, researchers adopt a structured, neutral approach that aims to objectively measure awareness. The study follows the quantitative and nomothetic methodology as it relies on generalization of the status of awareness and remembrance of policy buyers over the similar subjects (Windelband, 1994). This is descriptive research design as the study tries to explore the association between awareness, understanding and remembering about the policy related attributes viz. sum assured, policy purchase date, premium amount, accidental benefits, disability benefits, premium waiver benefits, and term of the policy with age and education.

We have selected Bagmati and Gandaki provinces out of seven provinces. Bagmati Province is considered as the highest number of policies sold province (72% in FY2023/24) and Gandaki is considered as the highest literacy rate among all provinces (83.4%) (NSO, 2023). Policyholders were selected as per their readiness to participate in the study using accidental sampling method. The sample size for the study is 474, which is higher than suggestion by Yamane (1967) considering 5% precision level (i.e. 385).

Quantitative and cross-sectional data were obtained through structured questionnaire. Most data are taken in nominal and interval scales. The decision is taken based on two statistical tools viz. Cramér's V and Biserial correlation. The coefficient of Cramer's' V is used to ensure how strongly two categorical fields are associated with each other. Biserial correlation is used to confirm the direction of movement between the independent variables and the intensity of the relation between the variables.

RESULTS

The profile of the respondents (Table 2) provides a summary of the nature of the subset of the population. The table disclosed some specific information of respondents such as composition of sex (majority are male (54%), highest (31%) are between 26-30 years, marital status (married

are almost three fourth), family numbers (almost have 3-5 members), education (highest number is having bachelor's degree, 34%). Profession (services holders are highest, 35%). Regarding the insurance policy-related information, one-third policy was purchased directly from staff and the rest from agents and oneself. More than one-third policy are endowment (34%). Number of city-based policyholders is almost two third (65%) while rest are from semi urban and rural municipalities. The association is found significant between the residence of policyholders with their policy (p = 0.033).

The central theme of the study, to identify the respondents' understanding towards the terms and conditions of policy contract is presented in Table 3. Out of 474, first highest unknown item is "terms of the policy" that is not known by 88 per cent respondents. Second highest unknown item is sum assured (79%). Life insurance is a long-term contract but policyholders are not aware about their contractual period of the policy.

Most of the policyholders prefer to purchase Premium waiver, Disability benefits and Accidental riders however, some policyholders prefer to purchase any two or even only one rider. In this context, lowest number (23%) have no idea whether they have accidental rider, 42 percent have no idea whether their policy has disability benefits riders and 42 percent have no idea if premium waiver is attached with the premium. Very few (5%) said that the purchased year of insurance policy is forgotten.

Table 2

Profile and insurance related information of respondents

Characteristics	Attributes	Metropolis City		Village		Total		P value
		Count	Percent	Count	Percent	Count	Percent	χ^2
Sex	Male	169	55	89	54	258	54	0.875
	Female	140	45	76	46	216	46	
Age Group (year)	20 to 25	82	27	46	28	128	27	0.983
	26 to 35	98	32	50	30	148	31	
	36 to 45	93	30	49	30	142	30	
	46 and above	36	12	20	12	56	12	
Marital Status	Unmarried	84	27	46	28	130	27	0.872
	Married	225	73	119	72	344	73	

| Characteristics	Attributes	Metropolis City		Village		Total		P value
		Count	Percent	Count	Percent	Count	Percent	χ^2
Family numbers	up to 2	9	3	2	1	11	2	0.272
	3 to 5	276	89	145	88	421	89	
	>5	24	8	18	11	42	9	
Education	Up to 10 Class (SLC)	51	17	17	10	68	14	0.055
	Plus two (SEE)	89	29	66	40	155	33	
	Bachelors	108	35	54	33	162	34	
	Masters and above	61	20	28	17	89	19	
Profession	Service	103	33	62	38	165	35	0.704
	Business	83	27	39	24	122	26	
	Self Employed	56	18	24	15	80	17	
	Housemaid	40	13	23	14	63	13	
	Students	27	9	17	10	44	9	
Policy was sold by	Agent	152	49	84	51	236	50	0.903
	Company staff	102	33	56	34	158	33	
	Friends with agent	34	11	16	10	50	11	
	Self-Agent	21	7	9	5	30	6	
Types of Insurance Policy	Term	45	15	21	13	66	14	0.033
	Endowment	108	35	73	44	181	38	
	Child Endowment	35	11	16	10	51	11	
	Money Back	23	7	9	5	32	7	
	Single Premium	29	9	6	4	35	7	
	Partial Payment	8	3	0	0	8	2	
	No Idea	61	20	40	24	101	21	
	Total	309	100	165	100	474	100	

Source: Field Survey, 2024

*Significant in 5% level

Number of policyholders have no idea about the terms and conditions of their policy

Out of 474 respondents, 88 percent have no idea about their term (maturity period) followed by sum assured (79%) and premium waiver (42%). Least number (5%) said that they have no memory about purchased year.

Figure 1

Number of policyholders that not remembered terms of the policy
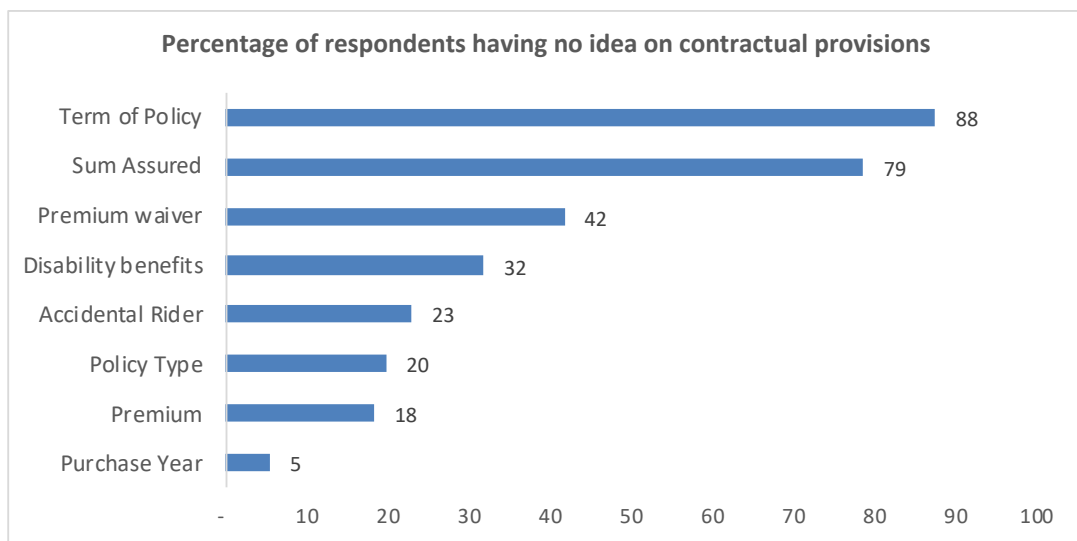
Source: Field Survey, 2023Source: Field Survey, 2023

Correlation between age and respondents' memory towards the terms and conditions

The association between memory on different terms and conditions with respondents' age and level of education of respondents is examined with the help of biserial correlation test (Table 3).

The association between the memorization capacity and age is found very weak and negative in case of sum assured and accidental riders. None of the correlation is found significant since p value is higher than 5% in all cases.

The association between the memorization habit and education of the respondents is measured by biserial correlation coefficient. Education is positively correlated with premium waiver, disability benefits while negatively correlated with premium and purchase year. The p value suggested that the education level is significant in case of premium waiver, disability benefits, and premium amount ($p<0.05$). Similarly, value of correlation coefficient is not found significant in any cases based on the age of the respondents. The p value also suggests that there

is no significant association between the age and remembering capacity of the respondents.

Correlation between education and memory

Biserial correlation coefficients is used to measure the strength of the linear relationship between nominal variables (opined expressed either yes or no mode over eight statements) and continuous variables (age group and education level). According to Evans (1996), r has different meaning as per its value ranges between 0.00 - 0.19 is very weak, between 0.20-.39 is weak, between 0.40-.59 is moderate, between 0.60-.79 is strong and if the value between 0.80-1.0 indicates it is very strong.

The correlation between education and premium and purchase year is found very weak and negative. Premium waiver and disability benefits are significant in 1 percent and premium in 5 percent level of significance. It means we have not found evidence that the level of understanding and memorization has strong correlation with their education level. Results conclude that there is weak correlation with premium waiver and memory, very weak correlation with rest of the terms and conditions.

Table 3

Understanding towards the terms and condition of the contract

Idea on terms and conditions of policy	No idea on Terms and Conditions		Rank Biserial Correlation (r) & p value Respondents'			
			Age		Education	
	N	%	r	p	R	p
Terms of policy	415	87.6	0.009	0.853	0.028	0.546
Sum assured	373	78.7	-0.062	0.178	0.044	0.345
Premium waiver	198	41.8	0.05	0.273	0.223	0.001
Disability benefits	151	31.9	0.001	0.989	0.155	0.001
Accidental rider	109	23	-0.051	0.268	0.087	0.058
Policy type	94	19.8	0.036	0.437	0.086	0.06
Premium	87	18.4	0.05	0.273	-0.103	0.024
Purchase year	26	5.5	0.074	0.106	-0.001	0.986

r: rank biserial correlation coefficient

Understanding of contractual provisions

The Cramer's V or phi coefficient explains the association between the nominal and interval data. The correlation coefficient value and p value both do not support a significant association between age and education and respondent's memorization towards the terms and conditions of the policy they owned (Table 4).

Table 4

Understanding to contractual provisions

N	Terms and Conditions	No Idea		Coefficient of Cramer's' V (φc) P value							
		%		1	2	3	4	5	6	7	8
1	Policy Type	94	6	1							
2	Purchase Year	26	2	0.001							
3	Sum Assured	373	26	0.004	0.001						
4	Premium	87	6	0.196	0.001	0.001					
5	Accidental Rider	109	8	0.038	0.054	0.836	0.574				
6	Disability benefits	151	10	0.001	0.001	0.06	0.001	0.035			
7	Premium waiver	198	14	0.002	0.03	0.04	0.001	0.001	0.001		
8	Term of Policy	415	29	0.001	0.001	0.001	0.421	0.421	0.12	0.073	
	Total unknown	1453	100								

Person having (no) idea about the types of policy he or she purchased has (no) idea about sum assured (0.004), accidental rider (0.038), disability benefits (0.001), premium waiver (0.002) and term of policy (0.001). There is no significant association with the knowledge of premium only. In a similar fashion, the result indicates that remembering of policy purchase year has no association with the memory of accidental rider in policy. The policyholder who has no idea about sum assured also has no idea about the various information of policy except knowledge on accidental rider and disability benefit. If policyholders have no idea about the amount of premium of his/her policy, they have no idea about other information except policy type and accidental rider. There is one interesting fact dig out by the study that premium waiver benefits related knowledge of policyholder has been found significantly associated with all other information except term of the policy. It shows that the person who is able to remember "Term of policy" is also able to memorize the policy type, policy purchase and sum assured.

The result is found insightful from different perspectives. Out of total 1453 responses

on different attributes, highest number of respondents (29%) said that they are unknown about their maturity period while least number of respondents (2%) are unknown about the purchase year.

The purpose of the study is to explore the awareness of policyholders about the attributes of the life insurance policy they owned. Study suggests that most of the people have not paid proper attention or not given special value for the contractual provisions and terms and condition of the policy.

Association between age and education with understanding the terms

The p value of chi square test exhibits that the understanding of the terms and condition is not associated with the age of respondents. As far as education level, three information viz. Accidental riders, Disability benefits and Premium waiver are associated with the educational level and rest five terms are not associated with the level of education (Table 5).

Table 5

Association between age and education with understanding the terms

Terms & Conditions	p value of chi square test	
	Age	Education
Date of purchase of the policy	0.447	0.180
Sum assured	0.341	0.214
Amount of premium	0.421	0.142
Accidental riders	0.098	0.016*
Disability benefits	0.236	0.006*
Premium waiver	0.807	0.001*
Term of policy	0.702	0.917
Types of policy	0.681	0.251

*5% level of significance.

The results reveal that not a specific age group of people have more memory about the attributes of policy. Similarly, with exceptions, education also does not play an important role in policy knowledge and memories. The hypothesis formulated as: awareness, understanding and remembrance about the terms and conditions of life insurance policy is not associated with age and education of the policyholders, has been accepted except for three terms and conditions viz. riders' benefits, disability benefits, and premium waiver benefits.

DISCUSSION

Endowment Life insurance policy is a long-term investment instrument. But, in our study most of the information is not remembered by most of the respondents despite the common assumption of people generally remember important information of their investment, assets, loan and other financial assets. This finding supports the statement- complex financial products, like life insurance, require more cognitive resources to remember, leading to a higher likelihood of forgetting specific details claimed by h Johnson and Payne (1985) and due to the complexity and abstract nature of insurance products, people tend to forget details that they don't use frequently or see as immediately relevant opined by Payne et al. (1999). Individuals often use heuristics or mental shortcuts when making decisions about insurance. This study disagrees with the findings of Agarwal et al. (2009) - older individuals are more likely to forget or overlook important details in life insurance policy information. Hung & Yoong (2010) found that individuals often rely on other family members or advisors for financial decisions, which can lead to a lack of personal recall of specific policy details. This study agrees with Lusardi and Mitchell (2011)- low levels of financial literacy contribute to poor understanding and recall of financial product details, including life insurance policies. People with lower financial literacy are less likely to remember specific details about their insurance policies.

The discussion concludes that life insurance policyholders often do not remember details like the sum assured, premium amount, maturity period, policy purchased date, riders, and benefits for various reasons. These can include the complexity of the information, the long-term nature of life insurance products, cognitive overload, and a perceived lack of immediate relevance. The study strongly concludes that the role of age is not significant in memorizing the facts of the policy. The education level, to some extent, is significant but in most of the cases, it also does not show the significant association. The finding of our study specifically indicates that age no association but education has association to some extent with the memorizing the attributes of the policy. Awareness is more significant on riders related information than other information of policy.

CONCLUSION

The study unmasks some critical things as most of the policyholders are unaware about the policy features what they purchased. Policyholders overlook reading terms and conditions, and remembering the important benefits, premium amount, paying date, etc. are compatible because they feel uncomfortable in understanding and remembering, and they the person will

actively avoid situations and information which would likely increase the dissonance (Festinger, 1957, p. 3). This finding of quantitative study revisits the qualitative study that buyers entirely depend on the counselor or agents or staff of the insurers or friend who suggested purchasing the policy (Ghimire, 2020). This tradition of buying policy as an acceptance of the request of somebody (agents), and as a way of reducing income tax deduction leads to pay less attention on it, even in their large amount of investment. Reasons behind giving less importance to the understanding and remembering the terms and conditions of insurance policy are found here ins hypothetical forms, yet to justify with rigorous inquiry. Policy buyers are not much interested on terms and conditions as the study of Steinfeld (2016) suggested- participants tend to sign their agreement without proper reading the policy. The policy buyer may held a hallo effects that the terms and conditions are very complex- 'I cannot understand' and buyers give more emphasis to the honesty, prudency, and integrity of the agents (recommender) rather than shift the terms and conditions of the policy (Noor et al, 2023). Meanwhile, they assume that it is not necessary to know since all the things are recorded and kept safely in the office. Another plausible reason of the agents is that they think no possibility of huge financial impact to policyholders in case of not knowing or not remembering the facts. Finally, they hold an over 'confidence bias' (Ulrike & Taylor, 2015) that the government regulation will not let chance the institution to deceive the insured on the stipulated benefits.

RECOMMENDATIONS

The responsibility of intermediary is crucial in life insurance sales. Company requires to pay proper attention while selection and training of agents so that agent can do proper counselling to the potential policyholders. Regulator should issue the license based on the communication skills, insurance knowledge, and in-depth ideas about the terms and condition of the policies. Policyholders are suggested to buy the policy having detail information about the policy and financial capacity. Regular counselling and consultation to the policyholders is essential to memorize the facts and figures of the policy properly. The role of post sales services to policyholders also instrumental to increase the memories of the policyholders towards the policy attributes.

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