

Contribution of Life Insurance Premium to Parents for Quality Education of Their Children

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Abstract

Insurance has been considered as the protection against loss arising due to an unexpected and unforeseen event. Fair and quick settlement of claim acts as a yard stick to judge the insurance company. The main purpose of this study was to explore assured benefits and analyze the claim settlement practices of the life insurance companies of Nepal in relation to educational empowerment. Various social sciences research methods including desk review, expert consultation, case studies, site observation, focus group discussions, key informant interview and

the analysis of the information were adopted through various means. Both quantitative and qualitative data at local levels were collected during the field visit. This study has concluded that claim settlement and customers' service are more important factors rather than other factors in life insurance concerning educational support to the children. Parents buy life insurance policy to cover the risk uncertainty during growth of the children along with their education. However, important focus should be given during the time of claim settlement not only at the time of purchasing policies.

Key Words

Life Insurance, Insurance Claim, Risk, Insurer, Insured, Agents, Premium, Death Claim, Maturity Claim, Survival Benefit, Claim Settlement

Introduction

Insurance has been considered as the protection against loss arising due to an unexpected and unforeseen event. Claim settlement has been important part of insurance and has played a vital role to increase sales and positive attitude of public towards insurance companies. The ease and timely settlement of a valid claim is important function of an insurance company. Fair and quick settlement of claim acts as a yard stick to judge the insurance company. Claim is the heart of buying life insurance policy. People buy life insurance policy whose ultimate objective is to get either maturity claim or death claim. Claim settlement is the monetary compensation that is paid to the policy holder by the insurer in the event of loss (Parsons, 2005).

Payment of claim is the ultimate objective of insurance companies. It is the final obligation of the insurer as the insured has already performed his obligation of paying premium regularly as per the contract made between insurer and insured. If the insurance company denies the valid claim, social fundamental contractual purpose of protecting the insured from the uncertain event is defeated which results losing the reputation of insurance company and there may be adverse effect in the sales of company's new policies (Rejda, 2001).

Customers can see the real service of insurance companies at the time of claim settlement not only during policy selling, payment of claim notice the main service of insurance companies to community (Dinsdale & Murdie, 1971). Claim settlement is like a mirror which reflects the face of insurance companies. Thus, better practice of claim settlement is required for each insurance company. If insurance company fails the valid, fairly and timely claim settlement, the service to the people and protection of life

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