

CHALLENGES FACED BY AGENTS IN SALES PERFORMANCE ON LIFE INSURANCE IN KARNALI, NEPAL

Dilip Jung Shahi

Officer, MetLife, Surkhet, Nepal

Abstract

The insurance penetration in the life insurance sector is still grave in Nepal, especially in the at-risk areas like Karnali Province where distribution has been adversely affected due to limited financial literacy, societal and economic factors and infrastructures. Life insurance agents are very essential as mediators, but their sales are influenced by several factors. This paper discussed issues affecting the performance of the agents and, in this case, the socio-economic aspect, awareness and trust of the customers, and organizational and policy-specific effects. A cross-sectional study of 150 operative agents indicated that the three factors are highly influential on sales performance. Organizational and policy-related factors proved to be the most influential predictor among them, and then went awareness and trust, and socio-economic factors. Regression model could explain 66 percent of the variance in sales performance, which highlights the role of the institutional support of the sales performance and customer engagement. The results reveal that the success of agents does not only depend on personal effort but very closely with organizational structures, training, motivation and favorable policies. Insurance distribution could be significantly improved in underserved areas through the enhancement of these areas, as well as efforts to instill customer confidence and increase financial literacy. The research will be of practical use to the different insurers, policymakers, and researchers that seek the extension of life insurance cover in developing economies such as Karnali Province.

Keywords: *Life insurance, Sales performance, Socio-economic factor, Awareness and trust, Organizational and policy, Karnali Province.*

Introduction

Although the life insurance segment has experienced prolonged growth in a global scale, insurance penetration in several developing and geographically underprivileged countries is continuously low (Swiss Re Institute, 2022). It is the most noticeable in Nepal where the development of the insurance industry at the national level is astonishingly different than the poor and uneven provision of insurance coverage in rain-accessible provinces (Nepal Insurance Authority, 2023). Available empirical data indicate that these inequalities cannot be attributed to demand-side factors; it is, in fact, strongly associated with the existence of inefficiency in the insurance distribution system, particularly the limited performance of the frontline life insurance agents (Outreville, 2013). Life insurance agents are very important in markets that have low financial literacy and little institution trust. In addition to being policy sellers, agents can also become financial educators, advisors and intermediaries to assist households by simplifying the complex insurance products into significant protections against risks (Giesbert et al., 2011). Previous research always demonstrates that the sales performance of agents directly impacts the insurance penetration, maintenance of customers and sustainability of insurance markets in the long term (Kumar & Sankaran, 2019). Nevertheless, life insurance is not a simple product to sell, because of product intangibility and delay in benefits and consumers being not comfortable with the discussions on risk, death, and uncertainty which increase resistance when facing buyers (Crosby & Cowles, 1986). The

commission-based compensation systems that subject the agent to fluctuation in income, performance pressure, and psychological stress, further compound these challenges and have led to a high rate of attrition in the life insurance business (Fitzpatrick & Rapp, 2016; Investopedia, 2021). Poor training opportunities, low-quality supervisory support, and low access to quality sales leads contribute to such pressures in emerging economies (Kumar and Sankaran, 2019). Consequently, the performance in terms of sales of agents is influenced not only by personal efforts and competence but by organizational, policy, and contextual limits as well. In Nepal, the inequality in development of insurance goes together with the inequality in the general development of income, infrastructure and access to finances. More specifically, Karnali Province regularly performs the worst about the indicators of financial inclusion, such as access to banking products and services, digital payment systems, insurance products, and others (Nepal Rastra Bank, 2022). These structural constraints place further operation tolls on life insurance agents which hold more costs in terms of travel, scattered and small client bases and problems in collection of premiums and services of policies. Karnali is socioeconomically vulnerable, which further limits the demand for insurance. The incomes of households are irregular or subsistent, which implies that they focus on short-term consumption demands rather than the protection against risks in the long term (World Bank, 2021). Empirical research has also shown low purchasing power and income instability to be a major problem diminishing desire and capacity of consumers to take the frequent insurance payments (Outreville, 2013). Because of that, the agents in such contexts need to make more effort in persuasion, trust-building, and financial education with unpredictable results.

Additional complexity to the operating environment of agents in Nepal has been brought about by the recent regulatory changes in the country. The clause of direct acquisition of insurance policies is indicative of international tendencies to choose the sphere of digitalization and disintermediate models of distribution (NIA, 2023). Although these reforms can help to increase efficiency and consumer choice, the existing research states that disintermediation can reduce the motivation of agents and role delimitation, especially in scenarios where the digital infrastructure and digital literacy rates are low (OECD, 2020). In Karnali Province, agents can experience job insecurity, which should increase sales performance because such policy changes would only serve to increase efficiency in distribution. Although strategic significance of agents has been emphasized in increasing insurance cover, very little research on insurance has been conducted in Nepal then, whose findings revolve around customer satisfaction, quality of services and organizational performance with respect to agencies (Shrestha & Bhatta, 2018). Further, most of the current research uses national or urban biased objectives, ignoring the heterogeneity of the regions and experiences of agents that live by the peripheral and underserved markets. This exclusion restricts the explanatory capacity of existing insurance sales performance models in situations that are characterized by geographic isolation and structural deprivation. There is a literature gap that exists in the lack of region-specific, agent-focused empirical evidence. The policy interventions would fail to be well matched to the local conditions unless there is a clear realization of how interacting agents form socio-economic conditions, organizational support, issues of awareness and trust, and policy environments to determine the performance of agents in a province like Karnali. Closing this gap is critical to formulate context-sensitive policies that enhance agent's success and inclusion in the development of insurance. In this regard, the paper explores issues related to how life insurance agents are experiencing sales performance in Karnali Province in Nepal. The study locates agent performance in a marginalized regional setting, which is based on Expectancy Theory (Vroom, 1964), Job Demands-Resources (JD-R) Model (Bakker and Demerouti, 2007) and Institutional Theory (North, 1990). Through this, it adds the wavelength to the literature on insurance distribution in the developing economies and provides empirical evidence to regulators, insurers, and policymakers in their quest to decrease spatial disparities in insurance coverage.

The overall aim of the research is to explore the factors that affect sales performance of life insurance agents in Karnali Province, Nepal.

The goals are to:

1. Assess the role played by socio-economic factors in determining the sales levels of life insurance agents.
2. Assess the extent to which awareness and challenges associated with trust determine the sales performance of agents.
3. Examine how the organizational and policy related factors affect the sales performance of the life insurance agents.
4. Identify the joint impact of socio-economic, awareness and trust, and organizational and policy challenges on the overall sales of the agents.
5. Offer recommendations to policy and managerial suggestions to make agents more effective and facilitate inclusive penetration to life insurance in underprivileged areas.

Literature Review

Insurance distribution relies on life insurance agents, particularly in a low institutional trust, and low financial literacy setting. However, the literature highlights specific obstructions that the agents encounter in their pursuit of being effective and especially in developing economies and geographically marginalized locations. Much research literature shows the inherent challenges involved in the sale of life insurance. Products are intangible, and their benefits are delayed or not known hence are more difficult to sell than tangibles (Crosby & Cowles, 1986; Small Business Chronicle, 2012). The agents in turn need to possess sophisticated communication and trust-building abilities since clients are usually reluctant to address the risk, death and financial outlays in the long run (Crosby & Cowles, 1986; Small Business Chronicle, 2012). Along with complexity of the products, recurrent rejection and volatility of income are other themes prevalent in international literature. At that, insurance sales are characterized by heavy cold calling, the active work with clients, and numerous rejections that cause psychological stress and turnover (LinkedIn Insurance & Takaful Review, 2026). The compensation schemes on commission basis also subject the agents to uncertainty in revenues, which has a negative influence on motivation and career sustainability (Investopedia, 2014). Additionally, poor training and support is also mentioned as a structural limitation in many instances. Devoid of systematic mentoring or ongoing development of practice, agents are challenged to work their way in an intricate product range or to personalize solutions to the unique customer requirements. In certain markets, operations of the agents are also limited by regulatory limitations: products, or licensing restrictions can limit the operations of an agent (One Assure, 2026).

These issues depict how the role of a life insurance agent is not an easy task but a professional one. The performance also needs technical experience, but it needs psychological strength, which not all agents have with them, not to mention institutional support. Not only do the agents sell the policies but they also perform the role of educators and trustworthy intermediaries especially where the familiarity with insurance is low. The study of consumer behavior in Nepal indicates how the power of the agent has a direct impact on the intention to purchase insurance and customer perception of value. Consumer decisions can be influenced positively by agents who establish trust and show level of quality of service, which highlights their contribution to sales execution (Adhikari and Khadka, 2025). But in cases where there are low awareness and trust of insurance, there would be an increased resistance to the agents. According to recent customer-focused research in Nepal, ignorance and distrust are the main obstacles to insurance uptake where customers either avoid insurance altogether or buy one when pressured and not necessarily due to a desire to achieve insurance (Tiwari et al., 2025). The latter results are consistent with the general body of literature that associates household

perceptions and knowledge gaps with insurance avoidance that amplifies the cognitive and emotional load on agents when dealing with sales. Although the national level of the insurance distribution has grown, it is, still, uneven in Nepal. Every recent year, there has been an increment in insurance penetration, yet the coverage remains highly uneven across the area and types of products (News of Insurance, 2025; Nepal Insurance Authority, 2026). It is noteworthy that the coverage of traditional life insurance (without foreign employment and micro insurance) is relatively low, which indicates structural barriers to access and coverage that still persist (News of Insurance, 2025).

An example of geographically remote markets is Karnali Province. Recent reports in the industry indicate that there has been a decrease in insurance business volumes in Karnali, partly caused by the inability of the agents to properly spread the knowledge about insurance and mobilize customers in the province (BeeMaPost, 2024). This is unlike other recent statistics that indicate an increase in the activity of life insurance in Karnali with the encouragement of specific training and bonuses, although not all insurers express similar successes (BeeMaPost, 2025). These inconsistent results reiterate the fact that systemic limitations in remote locales still exist even though agent capacity building can deliver favorable results. The problem of the infrastructure and distribution network used by the agents is also an issue in Nepal, mostly in rural and mountainous areas where the presence of the branch is limited and travelling costs are too high (Nepali Novel, 2025). They make such circumstances decrease the number and quality of in-person communication, complicating the sales process more and making the operations more cumbersome. Even though the literature has revealed that there are some issues with the performance of life insurance sales, there is still a significant gap in the research performed on the experiences of the agents in the conditions of marginalized areas, like the Karnali Province. Majority of the literature focuses on consumer opinions, service quality or national penetration patterns, but without digging deep into lived realities and structural constraints that the agents must operate in the peripheral settings. There is a dearth of empirical research into the interaction between socio-economic situation, awareness gaps, organizational support, and policy shifts in influencing agent activity in underserved areas. The factors that lower the level of household income, irregular earnings, and poverty in households lower the willingness and ability of consumers to buy life insurance and have a direct impact on the sales of agents (Outreville, 2013; World Bank, 2021). Weak purchasing power will raise client resistance and demand more effort on converting clients by agents, reducing productivity (Kumar et al., 2019). According to theoretical approaches, such as the expectancy theory, when market potential is low, the perceived effort-reward expectancy of the agents becomes lower, and it undermines performance to a greater extent (Vroom, 1964). According to empirical findings in Nepal, those provinces with a low level of financial inclusion and poverty such as Karnali have lower insurance penetration, and it shows the influence of socio-economic variables on agent performance (Nepal Rastra Bank, 2022).

H1: Socio-economic challenges have a significant negative effect on agent's sales performance.

The primary inhibitors of sales performance packages are low awareness among customers of the insurance products and lack of trust. Customers, lacking knowledge of the advantages of life insurance or how it works, will tend to buy less insurance, which presents a huge problem for the agents (Outreville, 2013; Giesbert, Steiner, and Bendig, 2011). Studies show that perceived risk and misinformation and distrust of the insurance firms enhance client resistance, decrease conversion, and require more work on the part of the agent, which adversely can impact productivity (Fitzpatrick and Rapp, 2016). Regarding emerging markets studies, it is highlighted that customer trust is an important determinant of agent effectiveness, and in areas with low financial literacy (Kumar and Sankaran, 2019). In Nepal, it has been

indicated that isolated provinces with limited experiences in the use of formal financial services, such as Karnali, exhibit a low acceptance of insurance because of the lack of awareness and trust, which reflect the adverse effects on the sales performance of the agents (Nepal Rastra Bank, 2022).

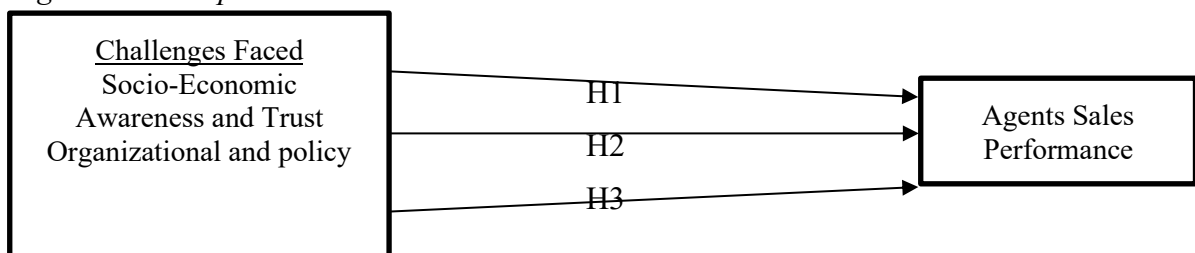
H2: Awareness and trust challenges have a significant negative effect on agent's sales performance.

The lack of motivation, performance goals, and poorly designed incentives are among the organizational reasons that decrease the motivation, productivity, and the overall sales performance of the agents (Kumar & Sankaran, 2019; Fitzpatrick and Rapp, 2016). Changes in the policies such as allowing clients to directly buy insurance services in the company's lead to more role ambiguity and job insecurity, continuing to decrease the production of agents (OECD, 2020; Nepal Insurance Authority, 2023). These organizational and policy barriers may restrict capacity of the agents in accessing potential clients, customer relationship, and sales target, particularly in places such as Karnali where market environment is already lower.

H3: Organizational and policy-related challenges have a significant negative effect on agent's sales performance.

These viewpoints are combined, which is why this study suggests a conceptual framework where socio-economic difficulties, lack of awareness and trust, and organization and policy-related difficulties act as independent variables that affect the sales performance of life insurance agents as a dependent one. This framework is in agreement with literature, and it guides the formulation of research questions and hypotheses. To discuss the issues of life insurance agents to attain sales performance in Karnali Province, Nepal and to determine how social-economic, organization, policy, awareness, trust is based in determining their performance.

Figure 1: Conceptual Framework



Sources: (Fitzpatrick & Rapp, 2016; Giesbert et al., 2011; Kumar & Sankaran, 2019; Outreville, 2013)

The framework clearly demonstrates the hypothesizing of each aspect of difficulty encountered to independently affect the sales of the agent.

Research Methodology

This was a quantitative, cross-sectional survey research that was used to explore the issues that affected the sales of life insurance agents. Three major factors of explanation, including socio-economic challenges and awareness and trust-related challenges, and organizational and policy-related challenges were put in the spotlight. A survey design was taken as an appropriate type of survey as it enables the systematic gathering of similar data of a big number of respondents and can be statistically investigated to serve out the relationship and prediction impacts among the variables over a specific time span. The method is especially appropriate in evaluating perceptions and experiences of the agents who are involved in various and widely spread environments. The study was focused on the life insurance business in Karnali Province, Nepal which is a low-insurance density, low-financial-infrastructure and high-

socio-economic-diversity region. The province is a newly developed insurance market with the majority of sales channel being agent-based. The data used recording was gathered at the period of the field survey conducted in the year 2025 on licensed life insurance companies that were in operation in the area. The context of the study is also important because the economic situation of the region, institutionalization, and organizational activities will most probably affect the sales actions of agents and their sales performance outcomes. The sample population was constituted of active life insurance agents working in the process of sales in the sampled insurance firms in Karnali Province. One hundred and fifty agents who took part in the study. A convenient method of sampling was used owing to the inaccessibility limitation due to remoteness of the districts and the separation of the agents in remote districts. Although probability sampling could not have been applied, the sample size that was chosen is larger than the normal recommended limits when using quantitative research which uses multivariate techniques like multiple regression analysis. The respondents were also diverse in terms of the major demographic factors such as gender, age, level of education, and work experience, and this demographic diversity was sufficient to conduct effective statistical analysis.

The structured questionnaire that was given to the respondents was used as a means of primary data collection. A five-point Likert scale was used in the questionnaire with strongly disagree (1) to strongly agree (5). Measurement items were based on the extant empirical research on insurance sales performance and organizational predictors and equal measures made based on context, to align with the life insurance sector in Nepal. The measurement tool included four constructions, including socio-economic, awareness and trust, organizational and policy, and the performance of sales made by the agents eight items each. Expert review and close association with the relevant literature ensured content validity. To evaluate internal consistency, Cronbach alpha coefficients were estimated on all constructs and the data met or was above the recommended value of 0.70, which is an indicator of high reliability. The survey was completed on a voluntary basis, and the respondents were guaranteed anonymity and confidentiality as per the standard ethical research procedures. Statistical Packages of the social Sciences (SPSS) was used to analyze the data. The demographic factors of the respondents were summarized using descriptive statistics and an overview of the variables of the study was given. The internal consistency of the measurement scales was proved by reliability analysis. Pearson correlation analysis was carried out to investigate the relationship between the variables. Later, the effects of the individual and combined influence of the socio-economic, awareness and trust, and organizational and policy challenges on the sales performance of agents were determined using a multiple regression analysis. The overall significance of the regression model was measured using ANOVA test. Every statistical test was also done at the 5 per cent significance level. The multicollinearity diagnostics such as tolerance values and Variance Inflation Factor (VIF) confirmed the regression model had no problem with collinearity. Notwithstanding its advantages, this research has some drawbacks. Convenience sampling could limit validity of the results to other regions. The cross-sectional aspect of the study also denies the chance of making cause and effect conclusion through time. Response bias may also come about due to the use of data that is self-reported.

Results and Findings

A sample of 150 respondents were employed in the study; this population has provided the necessary background to the interpretation of empirical findings. Regarding gender, the sample is slightly biased towards the male gender as there is a greater number of both males (83) and females (67) in nearly equal proportions of 55.3 and 44.7 respectively. Concerning the age, the highest percentage of individuals became the representatives of the 29-38 years (38.0%), 39-48 years (22.7%), and 18-28 years (22.0) age categories. 17.3% belonged to the age group 48-60 years of age, which is a widespread age group. Regarding the marital status, most of the respondents were married (76.0), with the other 24.0% unmarried, which is in line

with the current socio-cultural trends within the study area. During caste, most of the respondents belonged to the Chettri group (54.7%), then Brahman (29.3), and lastly Janajati (16.0) which is a general reflection of the social makeup in the region. In terms of educational level, almost half of the respondents had completed Intermediate level education (48.7%), then there were holders of bachelor's degree (24.0%). Moreover, 27.3% had a master's degree or higher and the educational level is moderate and high in general. Lastly, the work experience profile indicates that most of the respondents (80.0%) possessed five years of experience, with the rest of the respondents having longer years of experience implying that the workforce consisted of mostly early-career professionals. Challenges encountered by the agents on sales performance in life insurance are discussed in this paper through questionnaire using a five-point Likert scale. Such type of instrument is important on the issue of reliability. In this way, all constructs are guaranteed to have a high level of reliability due to the value of Cronbach Alpha.

Table 1: Constructs Reliability Test

Measures	Cronbach's Alpha	No. of Items
Socio-Economic	0.940	8
Awareness and Trust	0.928	8
Organizational and Policy	0.931	8
Agents Sales Performance	0.926	8
Overall	0.920	32

Table 1 shows the outcome of reliability regarding the study constructs adopted in Cronbach's alpha. The mean internal consistency scores of all constructs are excellent with alpha values much greater than the accepted standard of 0.70. The constructions of the Socio-Economic, Awareness and Trust, Organizational and Policy and Agents Sales Performance had the Cronbach alpha measure of 0.940, 0.928 and 0.931 respectively and they were united measured with eight items. The total scale of 32 items had a Cronbach's alpha value of 0.920, which proved that the measurement instrument was highly reliable. Such findings demonstrate that the constructs have a high internal consistency degree and they can be utilized later in correlation and regression analyses.

The correlation table shows the degree and the direction of the associations between Socio-Economic factors, Awareness and Trust, Organizational and Policy factors, and Sales performance of the Agents.

Table 2: Correlation Matrix of Constructs

Construct	Socio-Economic	Awareness and Trust	Organizational and Policy	Agents Sales Performance
Socio-Economic	1			
Awareness and Trust	0.029	1		
Organizational and Policy	-0.023	-0.029	1	
Agents Sales Performance	.313**	.508**	.540**	1

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

The results of these in table 2, findings demonstrate that Socio-Economic factors are positively and statistically significant related to the Sales Performance of Agents ($r = 0.313$, $p < .01$). This implies that the better the socio-economic status of clients in terms of income levels, social status and financial stability, the better the sales results are with insurance agents. On the same note, Awareness and Trust have a positive correlation with the Sales Performance of Agents ($r = 0.508$, $p < .01$). This means that the more customer awareness regarding insurance products and trust between the insurance companies and the agents, the better the sales performance of the agents. Organizational and Policy factors show the most significant correlation with the Agents Sales Performance, as the Organizational and Policy factors are positively and significantly correlated with Sales performance ($r = 0.540$, $p < .01$). This observation means that supportive organizational systems, policies, training and incentive systems are very essential towards enhancing the performance of agents. On the contrary, the relationships between independent variables themselves Socio-Economic, Awareness and Trust, and Organizational and Policy factors are weak and almost zero (ranging from -0.029 to 0.029). This implies that these constructions are mostly independent of each other and measure different factors that affect the selling performance of the agents. All in all, the correlation findings prove that all the three independent variables have a positive and significant correlation with the sales performance of agents, with the strongest ties being between organizational and policy factors and awareness and trust. The low inter-correlations between the predictors also indicate that there is no multi-collinearity issue that may arise and this indicates the appropriateness of the predictors in the regression model.

Table 3: Model Summary

Model	R	R Squared	Adjusted R Square	Std. Error of the Estimate
1	.814 ^a	0.662	0.655	0.60907
<i>a. Predictors: (Constant), Organizational and Policy, Socio-Economic, Awareness and Trust</i>				
<i>b. Dependent Variable: Agents Sales Performance</i>				

The overall fit of the regression model and the explanatory power is large. The multiple correlation coefficient ($R = 0.814$) shows that the aggregate independent variables Organizational and Policy factors, Socio-Economic factors, and Awareness and Trust and Agents Sales Performance have a positive and strong correlation. Coefficient of Determination ($R^2 = 0.662$) indicates that 66.2 percent of the variation in Sales Performance of Agents is reflected in the predictors which casts an implication that the model is able to capture a significant percentage of the variables affecting the sales. The Adjusted R^2 after correction by the number of predictors is found to be high with a value of 0.655 which supports the fact that the model is stable and robust. The standard error of the estimate is also relatively low (0.609), which also shows that the predictions of the model are very close to the observed ones. By and large, these findings validate the proposal that a combination of the chosen explanatory variables is an excellent and standing account of Agents Sales Performance. The ANOVA table 4 tests the hypothesis that the regression model that incorporates Socio- Economic variables, Awareness and Trust, and Organizational and Policy variables, is significant in explaining changes in Sales Performance of Agents.

Table 4: ANNOVA

Model		Sum of Squares	d.f	Mean Square	F	Sig.
1	Regression	106.217	3	35.406	95.443	.000 ^b
	Residual	54.16	146	0.371		
	Total	160.377	149			
<i>a. Dependent Variable: Agents Sales Performance</i>						
<i>b. Predictors: (Constant), Organizational and Policy, Socio-Economic, Awareness and Trust</i>						

The regression sum of squares (106.217) is the part of the overall variation in the sales by the agents that is expressed by the three independent variables that constitute the model. On the other hand, the difference between the total sum of squares (54.160) and the residual sum of squares (3.575) shows the variation that remains unaccounted by other variables unaccounted by the model. The sum of squares of the total value (160.377) is the entire variability in the sales of agents. It has three regression degrees of freedom and 146 degrees of freedom of residues, which are converted to the total of 149 observations. The mean square value of regression (35.406) is significantly large as compared with the mean square of the residuals (0.371) which shows that the model accounts a significant percentage of the variation in the dependent variable. The F-value is high, being 95.443, and the associated significant level ($p = .000$) is much lower than the traditional value of 0.05. This outcome evidently makes it clear that the regression model is statistically significant. All in all, the outcomes of the ANOVA test prove that the interplay of Socio-Economic factors, Awareness and Trust, and Organizational and Policy factors has a strong impact on the Sales Performance of Agents. The model is thus fit and dependable when it comes to explaining the differences in the level of sales performance among agents of life insurance.

Table 5 of Human Resources shows the respective contribution of each of the factors to the Agents Sales Performance in separate predictions; these factors are classified as Socio-Economic factors, Awareness and Trust, and Organizational and Policy factors.

Table 5: Coefficients of constructs

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1.657	0.285		-5.821	.000		
	Socio-Economic	0.349	0.054	0.312	6.477	.000	0.999	1.001
	Awareness and Trust	0.57	0.053	0.515	10.699	.000	0.998	1.002
	Organizational and Policy	0.616	0.053	0.562	11.674	.000	0.999	1.001
<i>a. Dependent Variable: Agents Sales Performance</i>								

The constant ($B = -1.657$, $p < .001$) is the expected level of performance of the sales of the agents when all the independent variables are zeroed. The constant is not only statistically significant, but its practical value is not high because such a scenario is not common in practice. The effect of Socio-Economic factor on the sales performance of agents is positive, and statistically significant ($B = 0.349$, $t = 6.477$, $p = .001$). It implies that when the level of socio-economic conditions increases by one-unit other factors being equal, the level of sales performance increases on average by 0.349 units. Standardized beta coefficient ($\beta = 0.312$) indicates that performance is affected moderately and in a positive way. The awareness and Trust variable is also shown to have a strong positive significant relationship with the sales performance of the agents ($B = 0.570$, $t = 10.699$, $p < .001$). It means that an increase of customer awareness and trust is a significant application that improves the sales of agents. The alpha ($\beta = 0.515$) of the standardized beta signifies that the variable has a significant influence on the variability in performance. Likewise, the impact of Organizational and Policy factors has the most significant positive impact on the performance of agents concerning sales ($B = 0.616$, $t = 11.674$, $p = 0.001$). It implies that the effectiveness of the sales of the agents can largely be enhanced by better organizational support, policies, and operation structures. The standardized beta coefficient ($\beta = 0.562$) points out this factor as the most significant predictor out of the three. As to multicollinearity, the tolerance values (≈ 0.998 – 0.999) and VIF are sufficiently low to confirm that the problem under consideration is not multicollinearity in independent variables. This improves the accuracy of the regression forecasts. Overall, the findings mention that the effect of all three independent variables on sales performance of agents is positive and significant, and organizational and policy factors have proven to be the strongest predictors among the rest, followed by awareness and trust, socio-economic factors.

Discussion and Analysis

This paper engaged itself in analyzing the issues that affect sales of life insurance agents in Karnali Province, Nepal and the focus is on socio-economic factors, awareness and trust and the organizational and policy-related factors. According to the findings, the three predictors are identified to be positive and statistically significant and when put together, they can describe about 66 percent of the variance in sales performance of agents. This implies that with an integrated interaction between personal situations, perceptions on the part of the client, and organizational facilitating mechanisms, sales performance in the life insurance industry would take its journey. The strongest determinant of sales performance of the agents was the organizational and policy-related variables of the gathered factors. The outcome illustrates the importance of being supported institutionally such as training opportunities, well-defined operation policies, incentive schemes, and supervision. In an area in India which is geographically remote like the Karnali and economically limited, organizations will in all likelihood play a crucial role among the agents as they seek to work around the market constraints. This result corresponds with the previous studies that have placed an emphasis on the importance of supportive organizational environments in increasing employee levels of motivation and effectiveness in sales in insurance and financial services (Singh & Kumar, 2021; Yadav & Sushil, 2020). The current research also adds to the existing literature since it shows that organizational determinants have a more significant impact on the performance of the agents in the Nepalese setting than the individual socio-economic traits.

The second factor that was found to have the most influence on sales performance was awareness and trust. This is because life insurance selling is all about relationships and thus long-term commitment, credibility, and open communication is necessary. The sales of the agents who can educate the clients and build trust will have more chances to equal or surpass the goal of higher sales, in the precincts of the emerging insurance markets with comparably low levels of financial literacy and low consumer confidence. This result will also be consistent with the previous research, which pinpoints the role of trust and customer awareness

in influencing the decision to purchase insurance and the productivity of the agent (Joshi & Shrestha, 2018; Thapa, 2020). Observing the high correlation in this study supports theoretical postulation that trust is an important agent through which agent could lower perceived risk and promote the adoption of a policy. The socio-economic factors also found their positive and statistically significant but rather moderately strength impact on the sales performance of the agents. This implies that the agents who work in relatively good socio-economic settings with well-developed social networks, high income, and a greater financial ability among the clients are less hindered in the sales generation. They are supported by empirical facts that show that the socio-economic status affects not only the demand of that insurance, but also the ability of the agents to convert prospects into policyholders (Acharya, 2021; Alam & Hoque, 2019). Although much of the socio-economic factors are beyond the reach of organizational control, it is worth considering the effects of these factors to be able to implement sales strategies and resource allocation in accordance to requirements of the regions. The correlation analysis also found that the independent variables are distinct enough, meaning that they all have a different contribution to the sales performance of agents. Lack of multicollinearity reinforces the soundness of the regression findings and enhances the acceptability of the analytical scheme suggested. Put together, the results affirm that both the agent and organizational-level variables together define the success of sales in the life insurance industry.

In practical terms, what the results are pointing to are that the focus of the work of life insurance companies in Karnali Province should be on the enhancement of organizational and policy structures. Investments in organized training, open incentive programs and continual managerial assistance will bring considerable change in the performance of the agents. Furthermore, promotion directed towards raising the consciousness of the population about insurance products and developing confidence between the agents and their clients can also improve the results in terms of sales. On the policy front, the regulators can promote standard agent training and ethical selling so as to improve consumer confidence and market stability. Scholarly, this research will lead to the limited amount of empirical literature regarding insurance sales performance in under-studied areas of Nepal. Through socio-economic-relational perspective, and organization perspective, the research provides a more encompassing picture of the agent performance as opposed to the earlier one-factor studies. The support of the Karnali Province contributes to the contextual richness of theory of sales performance, usually based in a developed or urban market environments. The study has several limitations despite its contributions. Convenience sampling could reduce the generalizability of the results. The cross-sectional design does not allow causal interpretation, because the relationships were explored at one point in time. Additionally, there can be bias of response because it relies on self-reported information. Other context-specific conditions that are specific to Karnali Province can also put limitations on the generalizability of the findings to other areas. These limitations can be met in future by using bigger and more representative samples in numerous provinces of Nepal. Longitudinal designs would enable a greater level of causal inferences and investigation of the variations in performance with time. The mixed approaches may give more in-depth information regarding the lived experience of the agents and organizational practices. Moreover, emerging factors that could be studied by future research include the adoption of digital tools, competition, and regulation enforcement that can be further added to the existing knowledge about the performance of life insurance sales.

Conclusions and Recommendations

This paper attempted to discuss the major issues that determine sales performance of life insurance agents in Karnali Province, Nepal and especially, socio-economic factors, awareness and trust, and organizational and policy-related factors. According to the empirical

evidence provided by the results of 150 life insurance agents, it is evident that all three dimensions have positive and statistically significant impact on the sales performance of the agents. Combination of these reasons justifies a high percentage of variation in sales results thereby showing that the performance of agents is influenced by both personal condition and organizational condition. Some of the analyzed variables included the organizational and policy-related variables which proved to be the most predictive variable of sales performance. This result brings out the key role of institutional support such as structured training, clearly operational policies, good systems of incentives and managerial guidance, in facilitating effective performance of agents. The local conditions, that is, Karnali Province with its poor geography, limited market accessibility, as well as comparatively low insurance penetration conditions would suggest that the organizational support would be especially important to enable agents to circumvent external barriers. There is also the issue of awareness and trust that has a great impact on sales performance. Inferred results imply that the agents capable of delivering educational messages to the clients with regard to the insurance products and forming long-term trust relationships are more effective in transforming non-committed people into policyholders. This highlights the significance of open disclosures and relationship marketing in the sales of life insurance particularly in a market where insurance awareness is at low levels.

The socio-economic factors were identified as having a moderate and rather significant impact on the sales performance of the agents. This shows that the wider economic trends, the social network, and the financial ability of clients influence the ease at which agents will be able to make sales. Insurance companies cannot deal with these factors directly, but they cannot be neglected as they drive the sale strategy and resource allocation processes. Comprehensively, the research adds to the available literature as it presents empirical knowledge on the little-researched area on Nepal. This research will present a detailed explanation of what determines the level of life insurance sales made by various agents and how the organizational and policy support projects predominate in the new markets as per the new insurance establishment. Organizational support by means of formal training, policy, and performance rewards should be reinforced to improve the performance of life insurance agents selling in Karnali Province. It is also important to create awareness and trust in clients through educating them and practicing ethics. It should also be factored in the strategies that may consider local socio-economic situations such as the distribution of agents in areas where they have good contacts and offering flexible products. This can be enhanced by the regulators through standardization of training and enhancement of professional guidelines. Future studies should involve bigger and heterogeneous samples and address the effect of such aspects as digital tools and competition in the market. In general, the rates of sales performance must be enhanced through the concerted actions of the organizational, relation and socio-economic level, to spread the coverage and enhance the insurance market of Nepal.

References

- Acharya, P. (2021). Socio-economic resources and agent performance in Nepalese life insurance companies. *Nepalese Journal of Business and Economics*, 12(1), 45–60.
- Adhikari, P., & Khadka, C. B. (2025). Analysis of Nepalese consumers' insurance purchase intention: A structural equation model approach. *Nepal Journal Online*, 21(1), 101–114. <https://doi.org/10.3126/ilam.v21i1.75679>
- Adhikari, R. (2024). Individual's choice on buying life insurance products in Nepal. *Nepalese Journal of Finance*, 11(2), 92–111. <https://doi.org/10.3126/njf.v11i2.68819>
- Alam, S., & Hoque, R. (2019). Socio-economic determinants of life insurance sales performance: Evidence from emerging markets. *Journal of Financial Services Marketing*, 24(2), 89–102. <https://doi.org/10.1057/s41264-019-00078-2>

- Bakker, A. B., & Demerouti, E. (2007). The job demands–resources model: State of the art. *Journal of Managerial Psychology*, 22(3), 309–328. <https://doi.org/10.1108/02683940710733115>
- Crosby, L. A., & Cowles, D. (1986). Life insurance agents as financial planners: A matter of role consensus. *Journal of Professional Services Marketing*, 1(1), 69–89. https://doi.org/10.1300/J090v01n01_06
- Do, T. D., Mai, T. H., & Nguyen, X. H. (2023). Aspects of life insurance agents' performance in Vietnam: A study from the impact of customer-oriented behavior. *Journal of Emerging Economies & Finance Markets*, 6(9), 50. <https://doi.org/10.47191/jefms/v6-i9-50>
- Rahman, A., & Parameshwara, D. (2022). Green Finance Market Mechanisms and Policies in Environmental Protection and the 'Ten C's' in Investment Climate. *Universe International Journal of Interdisciplinary Research*, 3(6).
- Fitzpatrick, C., & Rapp, A. (2016). The influence of role stress on salesperson performance and job satisfaction. *Journal of Personal Selling & Sales Management*, 36(3), 217–232. <https://doi.org/10.1080/08853134.2016.1201561>
- Giesbert, L., Steiner, S., & Bending, M. (2011). Participation in micro life insurance and the use of other financial services in Ghana. *Journal of Risk and Insurance*, 78(1), 7–35. <https://doi.org/10.1111/j.1539-6975.2010.01405.x>
- Janowski, A. (2025). The effectiveness of life insurance sales force training: Welcome “Me and AI.” *Economies*, 13(4), 101. <https://doi.org/10.3390/economies13040101>
- Joshi, R., & Shrestha, K. (2018). The role of client trust and awareness in insurance sales: A study of life insurance agents. *International Journal of Insurance Studies*, 10(3), 33–49.
- Kumar, S., & Sankaran, S. (2019). Determinants of sales performance of life insurance agents: Evidence from emerging markets. *International Journal of Business and Management*, 14(6), 45–58. <https://doi.org/10.5539/ijbm.v14n6p45>
- McKinsey & Company. (2025). *Unlocking the next horizon of growth in the life insurance industry*.
- Nepal Insurance Authority. (2023). *Insurance regulation and market development report*. Kathmandu.
- Nepal Rastra Bank. (2022). *Financial inclusion and access to finance in Nepal*. Kathmandu.
- OECD. (2020). *Digital disruption in insurance: Implications for intermediaries*. OECD Publishing.
- Singh, A., & Kumar, S. (2021). Organizational support and life insurance agent performance: Evidence from South Asia. *Asia-Pacific Journal of Marketing and Logistics*, 33(6), 1423–1445. <https://doi.org/10.1108/APJML-12-2020-0912>
- Swiss Re Institute. (2022). *World insurance: Strengthening resilience in uncertain times*. Swiss Re Group.
- Thapa, S. (2020). Client education and relational trust in insurance: Implications for agent performance. *Journal of Risk Management and Insurance*, 15(2), 77–91. <https://doi.org/10.1111/jrmi.2020.15.2.77>
- Tiwari, S., Adhikari, M., & Shrestha, P. (2025). Barriers to insurance adoption in Nepal: Awareness and trust deficits. *Nepalese Journal of Insurance and Social Security*, 8(1), 64–74. <https://doi.org/10.58665/njiss.80>
- Vroom, V. H. (1964). *Work and motivation*. Wiley.