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Original Research Article

Influence of Social and Institutional Factors on Life Insurance Purchase Decisions: Mediating Role of Agent Influence

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Abstract

Purpose: This study aims to examine the influence of cultural perception (CP), peer influence (PI), and trust in institutions (TII) on agent influence (AI) and life insurance policy purchase decisions (PPD) among Nepalese consumers. Additionally, it investigates the mediating role of AI in translating these social and institutional factors into actual PPD.

Design/methodology/approach: An explanatory research design with a quantitative approach was employed. Cross-sectional data were collected from 385 life insurance policyholders purposively. Data analysis was conducted using SmartPLS 4.0.

Findings: The study revealed that AI significantly mediates the effects of CP, PI, and TII on PPD, with CP, PI, and TII exerting no direct impact but influencing PPD indirectly through AI.

Conclusion: The study validates a relational model of life insurance decision-making in which AI serves not merely as an intermediary but as a behavioral bridge that connects cultural, social, and institutional antecedents to policy adoption outcomes

Implications: Practically, insurers should strengthen agent capacity, cultural alignment, and institutional credibility to improve uptake. The study contributes a socio-cognitive lens to understanding insurance adoption in emerging markets.

Originality/Value: This study uniquely integrates social, cultural, and institutional perspectives to explore life insurance purchase behavior in Nepal, a context that remains under-researched in insurance literature.

JEL Classification: G22, D91, O17, Z13, C38

Introduction

Life insurance plays a pivotal role in personal financial security by protecting against unforeseen life events (Majka, 2024). However, the penetration of life insurance in Nepal remains remarkably low, reflecting a broader challenge in aligning consumer behavior with financial planning tools. This low adoption rate emphasizes the need to explore not just economic, but also deeper social and institutional factors that influence policy purchase decisions in the country.

In Nepal, life insurance decisions are not made in isolation; rather, they are embedded in cultural values, peer networks, and institutional trust structures. Cultural beliefs shape risk perception and long-term planning behavior, often discouraging formal financial commitments (Pasiouras et al., 2021). PI, particularly in collectivist societies like Nepal, plays a key role in shaping financial norms and legitimizing insurance products through informal endorsements (Khan et al., 2025). At the same time, institutional trust. the confidence individuals place in the fairness, transparency, and efficiency of insurance providers determines whether customers view life insurance policies as reliable and credible (Estrada & Bastida, 2020).

Despite these socio-institutional influences, the role of insurance agents remains central in facilitating life insurance purchases. Agents do not merely promote products; they act as trusted intermediaries who interpret complex policy details, address doubts, and reassure customers (Ndawula et al., 2024; Wu et al., 2022). In settings where regulatory awareness

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is low and institutional skepticism is high, agents can significantly influence customer choices, acting as the bridge between consumer belief systems and institutional offerings (Adhikari, 2024; Fornara et al., 2007).

While previous studies have explored cultural, social, and institutional determinants of insurance behavior, there is a notable gap in understanding how these factors collectively operate through agent influence as a mediating mechanism. Existing research has examined these variables in isolation but has not adequately theorized or tested the integrative role of agents in translating cultural perceptions, peer cues, and institutional trust into actual purchase decisions, particularly in the Nepalese context.

Despite growing recognition of the sociocultural underpinnings of insurance behavior, prior literature has inadequately addressed the intermediating role of AI between social (CI and PI) and institutional (TII) factors and life insurance policy purchase decision (PPD). In developing countries like Nepal, where informational asymmetries and trust deficits persist, agents may function as vital channels for bridging psychological and institutional divides. However, empirical evidence capturing this mediating role remains scarce. This research fills that critical void by positioning AI as a central mechanism that enables or inhibits insurance adoption.

To address this gap, the study is guided by the following two objectives:

- Examine the influence of CI, PI, and TII on AI and life insurance PPD among Nepalese consumers.
- Investigate the mediating role of AI in the relationship between cultural CI and PPD, PI and PPD, and TII and PPD.

In addition, this study extends to the insurance behavior literature and offers practical insights for policymakers and insurance providers in Nepal to develop culturally grounded, trust-driven strategies that enhance consumer confidence and drive higher life insurance adoption.

Literature Review

Theoretical Review

The theoretical foundation of the Customer Purchase Decision Model (CPDM) is grounded in consumer behavior theory, which outlines a sequential process from need recognition to post-purchase evaluation (Kotler & Keller, 2016). This model assumes that individuals make rational decisions based on available information, perceived value, and personal preferences. In the context of life insurance, the model is extended by incorporating high-involvement decision-making theories due to the complex, long-term, and intangible nature of insurance products (Olshavsky & Granbois, 1979). The Theory of Planned Behavior (TPB) further supports this model by suggesting that attitudes, subjective norms, and perceived behavioral control influence policy purchase intentions (Ajzen, 1991). Thus, the CPDM provides a comprehensive theoretical framework to analyze the cognitive, emotional, and social dimensions of life insurance purchasing behavior (Solomon, 2017).

Cultural perception theory, which follows institutional patterns, social beliefs together with customary practices, directs how people think and behave regarding risks (Scott, 2008). Organizational trust functions as a major factor within the expanded Theory of Acceptance and Use of Information Technology model because it strengthens perceived value and facilitates adoption processes (Gefen et al., 2003). The Stimulus-Organism-Response (S-O-R) model explains agent influence through external stimuli, which interpret and simplify, and personalize information to affect decision-making (Mehrabian & Russell, 1974). The integrated theoretical framework delivers comprehensive knowledge about how social and institutional elements work together and insurance agents function as intermediaries to convert consumer viewpoints into policy acquisitions.

The Agent-Mediated Institutional Trust Framework builds on the premise that trust in institutions is often shaped and reinforced through interactions with intermediary agents (Kauffman & Walden, 2001). This framework suggests that agents serve as a bridge between complex institutions and individuals, helping to translate institutional policies into accessible and personalized guidance (Ben-Ner & Putterman, 2009). In financial services, especially life insurance, agents play a vital role in building credibility, reducing perceived risk, and enhancing client confidence (Das & Teng, 2001). The framework aligns with Institutional Trust theory, which posits that trust is not solely placed in abstract systems but is developed through social relationships and repeated interactions (Bhattacharya, 1998). The Agent-Mediated Institutional Trust Framework provides a theoretical basis for understanding how trust in life insurance is constructed through agent-client dynamics (Luhmann, 1979).

Peer Influence, Agent Influence and Life Insurance Policy Purchase Decisions

PI plays a pivotal role in shaping consumer behavior, particularly in high-involvement and trust-dependent services such as life insurance. Adhikari (2024) emphasizes that individuals in Nepal often rely on insurance agents embedded within their social networks, as these agents cultivate trust through interpersonal relationships and localized credibility. This relational trust is further reinforced by social judgments and recommendations that emerge within peer circles, which serve as critical reference points during the insurance decision-making process (Dahal et al., 2023). Prendergast et al. (2010) argue that word-of-mouth communication with friends and colleagues substantially influences consumer attitudes and purchasing behaviors, particularly when decisions involve uncertainty and long-term commitments, such as life insurance. This aligns with observational learning theory, where individuals validate their choices through the experiences and endorsements of others within their social network.

PI extends beyond the initial adoption stage and affects decisions across the policy lifecycle. For instance, Ghimire et al. (2024) reveal that peer advice significantly shapes policy surrender decisions, indicating that peer networks not only guide initial purchase behavior but also ongoing commitment to policies. Furthermore, Shah and Asghar (2023) observe that insurance agents, especially those who operate in alignment with local community norms, play a transformative role in influencing customer decisions, with their effectiveness often amplified by peer-level endorsement and reputation. This demonstrates that peer influence does not act in isolation but works synergistically with agent influence in shaping policy decisions.

Empirical studies consistently affirm that the adoption of life insurance policies is often determined by recommendations from trusted peers and familiar individuals within one's social circle. Peer influence acts

both directly, by shaping attitudes toward insurance products, and indirectly, by reinforcing trust in the agents who deliver these products.

Based on the literature and theoretical reasoning, the following hypotheses are proposed:

H1: PI significantly impacts Life Insurance PPD.

H2: PI significantly impacts AI.

Cultural Perception, Agent Influence and Life Insurance Policy Purchase Decisions

CP plays a critical role in shaping consumer decision-making, particularly in the context of life insurance, where trust, risk attitudes, and long-term financial planning are deeply rooted in socio-cultural norms. Malambo and Qutieshat (2024) argue that cultural influences significantly shape how customers perceive and interpret life insurance products, with variations influenced by their educational background and financial literacy. In the Nepalese context, Adhikari and Khadka (2025) highlight that consumer intentions to purchase life insurance are influenced by perceptions of corporate image and service quality, both of which are filtered through prevailing cultural values. Bista and Upadhyay (2023) reinforce this by showing that cultural beliefs and traditions strongly govern life insurance purchasing behavior, particularly in collectivist societies where financial decisions are often family-oriented and community-driven.

Goet (2022) further explains that the selection of life insurance providers is largely driven by cultural frameworks that associate service quality with brand image, indicating that cultural perception mediates both product evaluation and provider trust. Moreover, studies consistently show that social standards, community outlooks, and perceived trustworthiness, central elements of cultural perception, play a decisive role in whether and how individuals choose to engage with life insurance products. These findings suggest that cultural perception not only influences the final purchase decision but also shapes the level of trust and reliance placed on agents who act as facilitators in navigating institutional offerings.

Based on this body of evidence, the following hypotheses are proposed:

H3: CP significantly impacts Life Insurance PPD.

H4: CP significantly impacts AI.

Trust in Institutions, Agent Influence and Life Insurance Policy Purchase Decisions

Sekscinska and Iwanicka (2021) explored how insurance customer behavior is shaped by loss-framing and individual risk attitudes, particularly among younger consumers, emphasizing the role of institutional messaging in influencing purchase decisions. Brown et al. (2008) noted that money illusion can drive life insurance purchases among young adults, highlighting the importance of institutional communication and credibility. Mankai et al. (2024) confirmed through a meta-analysis that sensitivity to insurance pricing is linked to perceived loss probability, while trust-related factors like age and income negatively influence purchase behavior.

Zarifis et al. (2021) further showed that concerns over personal data privacy and trust in digital systems significantly hinder the adoption of AI-based insurance platforms, underlining the role of institutional trust in policy uptake. In Nepal, Dahal et al. (2023) emphasized the regulatory authority's role in safeguarding policyholders and fostering consumer trust. This is increasingly relevant as new microinsurance providers, such as Crest Micro Life Insurance Limited and Guardian Micro Life Insurance Limited, are reshaping the trust landscape by offering accessible and community-based services. These findings collectively support the notion that institutional trust influences both direct policy decisions and consumer reliance on agents as intermediaries of trustworthy information.

H5: TII significantly impacts Life Insurance PPD.

H6: TII significantly impacts AI.

Agent Influence and Life Insurance Policy Purchase Decisions

Insurance agents play a central role in shaping consumer choices, particularly in complex financial products like life insurance. Krasheninnikova et al. (2019) found that reinforcement learning models allow agents to tailor offerings based on individual preferences, thereby directly influencing purchase outcomes. Nabi (2003) emphasized that consumer trust in agent recommendations is a key determinant of insurance acceptability. Sekscinska and Iwanicka (2021) demonstrated that agents who apply effective information framing based on risk attitudes can guide consumers toward favorable decisions. In Nepal, the regulatory oversight by the Nepal Insurance Authority influences how agents operate to enhance trust and protect policyholder interests (Ghimire, 2020). With growing market competition, agents are increasingly critical in helping consumers navigate among multiple insurance providers and make informed choices.

H7: AI significantly impacts Life Insurance PPD.

Mediating Role of Agent Influence

The influence of agents goes beyond direct persuasion; they mediate the relationship between social and institutional factors and consumer decision-making. The literature shows that agent influence acts as a transmission channel through which CP, PI, and TII are translated into life insurance PPD. Pitta and Fowler (2005) demonstrated that social cues, including peer affiliations, enhance the persuasive power of agents. According to Moussaid et al. (2013), agents channel peer commentary, shaping collective decision-making through social transmission. Choi and Song (2020) also linked agent-mediated trust and subjective norms to online engagement behaviors, while Liu et al. (2021) highlighted how agents manage confirmation bias and peer pressure to influence public opinion. These studies support the critical mediating role agents play in converting social trust and cultural norms into actionable insurance decisions.

H8: AI mediates the relationship between PI and Life Insurance PPD.

H9: AI mediates the relationship between CP and Life Insurance PPD.

H10: AI mediates the relationship between TII and Life Insurance PPD.

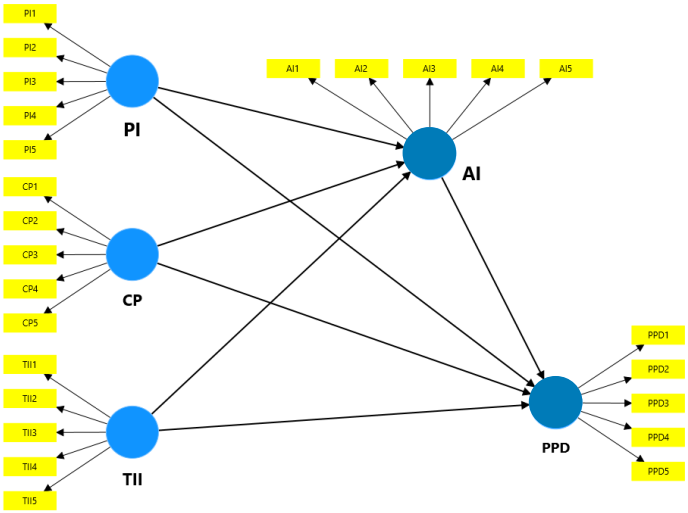

Figure 1: Conceptual Framework

Methods

This study adopted a quantitative, explanatory research design to examine the structural relationship developed in the research model. Primary data were collected through structured questionnaires distributed to current life insurance policyholders. A survey method was selected for its effectiveness in capturing large-scale quantitative data relevant to behavioral constructs (Creswell, 2014). A purposive sampling technique was employed to ensure the sample accurately reflected the target population of interest (Etikan et al., 2016). A total of 385 valid responses were obtained, meeting the sample size adequacy for unknown populations based on Cochran's (1977) formula. Respondents rated all items on a five-point Likert scale ranging from strongly disagree to strongly agree.

The measurement model was evaluated using SmartPLS version 4.0. To examine the structural relationships and test the proposed hypotheses, Partial Least Squares Structural Equation Modeling (PLS-SEM) was applied, given its robustness for complex, exploratory models (Hair et al., 2011). Ethical considerations were strictly followed: participants provided informed consent, anonymity and confidentiality were maintained, and all forms of coercion were avoided following institutional ethical guidelines.

Results and Analysis

Demographic Profile

Table 1 presents the demographic distribution of the respondents, with 57.8% male and 42.2% female participants, indicating a moderately balanced gender representation. A significant proportion (61.8%) of respondents were aged between 30 and 45 years, capturing the prime demographic for life insurance decisions. In terms of education, nearly half (46.8%) had completed high school, while 18.8% held a bachelor's degree or higher. This diversity in age and educational background ensures the sample's relevance and enhances the applicability of the study's findings to Nepal's life insurance market.

Table 1: Demographic Profile of the Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	227	57.8
	Female	166	42.2
Age	Below 30	96	24.4
	30-45	243	61.8
	46-60	44	11.2
	Above 60	10	2.5
Education	Below High School	106	27
	High-School	184	46.8
	Bachelor's Degree	74	18.8
	Master's Degree	21	5.3
	Above Master's	8	2

Note. Survey Data

Measurement Model

Table 2 presents the results of the measurement model assessment, confirming the reliability and validity of all constructs. Outer loadings for all measurement items range from 0.790 to 0.908, exceeding the recommended threshold of 0.70 (Hair et al., 2019), thus indicating strong indicator reliability. Internal consistency is established as Cronbach's alpha values range from 0.905 (TII) to 0.923 (PI), all above the acceptable standard of 0.70 (Nunnally & Bernstein, 1994). Similarly, composite reliability (CR) values based on rho_a and rho_c range from 0.906 to 0.942, further confirming construct reliability.

Convergent validity is demonstrated with Average Variance Extracted (AVE) values exceeding the 0.50 benchmark (Fornell & Larcker, 1981), with PI (0.764), CP (0.741), TII (0.724), AI (0.729), and PPD (0.744) all meeting the criterion. Moreover, Variance Inflation Factor (VIF) values for all indicators fall below 5, ranging from 1.88 to 3.544, suggesting that multicollinearity is not a concern (Hair et al., 2019). These findings collectively validate the measurement model's adequacy and provide a robust foundation for proceeding with the structural model analysis using PLS-SEM.

Table 2: Measurement Model

Construct	Items	Outer loadings	Cronbach's alpha	CR (rho_a)	CR (rho_c)	AVE	VIF
PI	PI1	0.876	0.923	0.925	0.942	0.764	3.094
	PI2	0.848					2.682
	PI3	0.895					3.544
	PI4	0.851					2.593
	PI5	0.898					3.463
CP	CP1	0.856	0.913	0.924	0.935	0.741	3.031
	CP2	0.854					3.054
	CP3	0.872					3.269
	CP4	0.887					3.503
	CP5	0.836					2.009
TII	TII1	0.833	0.905	0.906	0.929	0.724	2.206
	TII2	0.851					2.498
	TII3	0.864					2.625
	TII4	0.865					2.635
	TII5	0.841					2.401
AI	AI1	0.869	0.907	0.91	0.931	0.729	2.601
	AI2	0.867					2.716
	AI3	0.884					2.907
	AI4	0.857					2.532
	AI5	0.790					1.88
PPD	PPD1	0.908	0.915	0.932	0.936	0.744	3.518
	PPD2	0.867					2.997
	PPD3	0.834					2.547
	PPD4	0.852					2.374
	PPD5	0.852					2.308

Table 3 presents the HTMT analysis, confirming discriminant validity among all constructs. As recommended by Henseler et al. (2015), all HTMT values fall below the 0.85 threshold, with the highest correlation observed between TII and PI at 0.608. These results indicate that each construct is empirically distinct, ensuring the model's validity for structural analysis (Hair et al., 2019).

Table 4 presents the Fornell-Larcker criterion results, confirming discriminant validity as the square roots of AVE for all constructs, AI (0.854), CP (0.861), PI (0.874), PPD (0.863), and TII (0.850), exceed their respective inter-construct correlations. This indicates each construct is distinct and suitable for structural equation modeling (Fornell & Larcker, 1981; Hair et al., 2019).

Table 3: HTMT Values

	AI	CP	PI	PPD	TII
AI					
CP	0.346				
PI	0.484	0.396			
PPD	0.395	0.193	0.215		
TII	0.52	0.348	0.608	0.248	

Table 4: *Fornell Larcker*

	AI	CP	PI	PPD	TII
AI	0.854				
CP	0.324	0.861			
PI	0.447	0.37	0.874		
PPD	0.371	0.187	0.209	0.863	
TII	0.472	0.325	0.555	0.235	0.85

Structural Model Analysis

A bootstrapping procedure with 10,000 subsamples was applied to determine the significance of path relationships. Table 5 reveals key relationships among the constructs. AI had a significant positive effect on PPD (β = 0.319, p < .001), confirming its central role. CP significantly affected AI (β = 0.143, p <.005), but its direct effect on PPD was not significant (β = 0.060, p = .275), suggesting an indirect influence. PI also significantly impacted AI (β = 0.228, p < .001), yet its direct link to PPD was negligible (β = 0.012, p = .839). Similarly, TII significantly shaped AI (β = 0.299, p < .001), but showed no direct effect on PPD (β = 0.059, p = .305). These results highlight the mediating role of AI in translating CP, PI, and TII into policy purchase decisions.

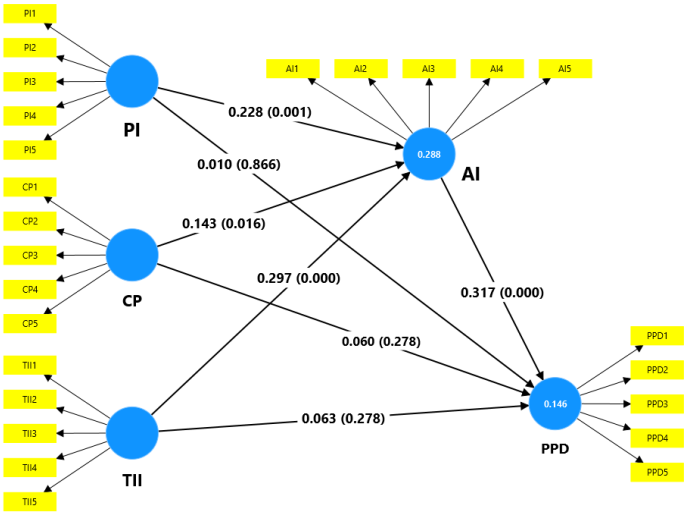

Figure 2: Path Analysis

Table 5: Direct Path Analysis

Path	(β)	Sample mean (M)	ST DEV	T statistics (|O/STDEV|)	P values	Lower Bound 2.5%	Upper Bound 97.5%	Remarks
PI -> PPD	0.012	0.011	0.06	0.203	.839	-0.106	0.125	H1: Not Supported
PI -> AI	0.228	0.227	0.071	3.225	.001	0.087	0.364	H2: Accepted
CP -> PPD	0.06	0.062	0.055	1.092	.275	-0.042	0.172	H3: Not Supported
CP -> AI	0.143	0.143	0.06	2.397	.017	0.029	0.261	H4: Accepted
TII -> PPD	0.059	0.057	0.057	1.025	.305	-0.055	0.171	H5: Not Supported
TII -> AI	0.299	0.299	0.081	3.699	.000	0.147	0.464	H6: Accepted
AI -> PPD	0.319	0.316	0.076	4.187	.000	0.163	0.462	H7: Accepted

Table 6 confirms the mediating role of AI in the relationships between CP, PI, TII, and PPD. The indirect effect of CP on PPD through AI was significant (β = 0.045, p = .049), indicating partial mediation. Similarly, PI showed a significant indirect effect on PPD via AI (β = 0.073, p = .010), as did TII (β = 0.095, p = .013). These findings reinforce AI's central mediating function in translating CP, PI, and TII into policy purchase decisions. All confidence intervals excluded zero, confirming the statistical significance of the mediating paths.

Table 6: Indirect Path Analysis

Path	(β)	Sample mean (M)	Standard deviation (STDEV)	t-statistics	p- value	Lower Bound 2.5%	Upper Bound 97.5%	Remarks
CP -> AI -> PPD	0.045	0.046	0.023	1.973	.049	0.008	0.096	H8: Supported
PI -> AI -> PPD	0.073	0.071	0.028	2.569	.01	0.023	0.134	H9: Supported
TII -> AI -> PPD	0.095	0.096	0.038	2.486	.013	0.032	0.179	H10: Supported

Discussions

This study explored how CP, PI, and TII impact Policy Purchase Decisions (PPD) in Nepal's life insurance context, focusing on the mediating role of AI. The results offer robust empirical support for the centrality of AI in translating cultural, social, and institutional factors into consumer action, positioning AI as both a behavioral enabler and a psychological conduit in the insurance decision-making process.

The significant direct effect of AI on PPD highlights the agent's role not merely as an informational resource but as a catalyst for action. This finding aligns with Social Cognitive Theory (Bandura, 1986), which suggests that external agents enhance individuals' self-efficacy, enabling behavioral change. In high-stakes and low-literacy environments like life insurance in Nepal, AI acts as a behavioral guide, trust builder, and decision facilitator. Similar observations have been made by Patel and Chugan (2020) and Yadav and Pathak (2017), who noted that intermediaries significantly influence purchase outcomes in complex financial domains.

CP significantly influenced AI but not PPD directly, suggesting that cultural norms and values shape how consumers perceive the relevance, authority, and credibility of agents rather than the purchase decision itself. However, its indirect effect via AI was significant, reinforcing the mediated relationship. These findings echo Straub et al. (2002) and Dwivedi et al. (2020), who argue that cultural congruence enhances acceptance of technological or intermediary solutions. Moreover, this supports Hong's (2020) model of mediated moderation in culturally embedded technology and service adoption, where cultural forces act through facilitators like agents to influence outcomes.

PI also exhibited a mediated relationship pattern. Its significant effect on AI, coupled with an insignificant direct impact on PPD and a significant indirect effect via AI, confirms full mediation. According to Social Learning Theory (Bandura, 1986), individuals often adopt behaviors observed in or endorsed by peers. In the context of this study, peer validation seems to heighten the perceived credibility of agents rather than directly compelling purchase behavior. This aligns with Taylor and Todd (1995), who argued that peer endorsement plays a vital role in influencing trust and consumer attitudes toward new service modalities, especially in trust-deficit sectors like insurance. TII followed a similar trajectory. It had a strong and statistically significant effect on AI but no direct impact on PPD. Its indirect effect via AI substantiates the mediating mechanism. These findings are consistent with Institutional Trust Theory (Mayer et al., 1995), which posits that trust in formal institutions enhances trust in actors associated with those systems. Pavlou (2003) likewise emphasized the importance of institutional credibility in encouraging user engagement in digitally mediated or complex transactions. In this context, the trust vested in formal institutions appears to elevate the perceived legitimacy and reliability of agents, thereby influencing consumer decision-making indirectly.

Taken together, these findings advance a comprehensive, socio-technical perspective of consumer behavior in the insurance sector. Rather than acting independently, cultural norms, peer dynamics, and institutional trust converge on AI as the mediating force that converts abstract perceptions into concrete behavioral intentions. This holistic understanding departs from fragmented models of influence and contributes a nuanced framework wherein agent-mediated pathways operationalize latent social and institutional forces.

Conclusion and Implications

This study highlights AI as a pivotal mediator linking CP, PI, and TII to PPD in Nepal's life insurance sector. While CP, PI, and TII showed no direct effect on PPD, their influence became significant through AI. These findings reinforce Social Cognitive Theory and Institutional Trust Theory, emphasizing the role of trusted agents in shaping behavior. Practically, insurers should strengthen agent capacity, cultural alignment, and institutional credibility to improve uptake. The study contributes a socio-cognitive lens to understanding insurance adoption in emerging markets.

This study advances the understanding of policy purchase behavior in the life insurance sector by empirically validating the central mediating role of AI in the relationships between CP, PI, TII, and PPD. While CP, PI, and TII exert limited direct influence on PPD, their impact becomes significant when mediated by AI. These findings underscore the importance of relational and institutional trust channels in consumer decision-making and offer practical implications for insurance providers to invest in agent training, culturally attuned communication, and reputation-building strategies. The study contributes to existing theory by integrating social, cultural, and institutional lenses to explain the agent-mediated path to insurance adoption, positioning AI as a socio-cognitive catalyst in high-involvement financial decisions.

This study advances theory by validating the integration of Social Cognitive Theory, Cultural Dimensions Theory, and Institutional Trust Theory in explaining life insurance purchase behavior. It establishes AI as a key mediator connecting cultural, peer, and institutional factors to consumer decisions, highlighting the importance of socio-technical dynamics in complex financial choices. The findings also emphasize the value of investigating indirect effects, encouraging future research to explore mediated pathways rather than focusing solely on direct relationships. Practically, insurance providers should invest in agent training programs to enhance their influence on policy decisions, alongside culturally sensitive communication that aligns with consumers' values. Leveraging peer influence through referral programs and strengthening institutional trust via transparency can further boost policy

uptake. Additionally, equipping agents with digital tools can improve consumer engagement and decision support, creating a more effective sales process.

From a social and policy perspective, empowering consumers with trusted agent guidance reduces uncertainty and promotes informed financial decisions while fostering inclusivity by respecting cultural diversity. Policymakers should support regulatory frameworks that ensure agent competency and ethical standards, promote financial literacy, incorporating cultural and social factors, and encourage the adoption of technology to enhance service delivery. Finally, policies should incentivize insurers to offer culturally aligned products that build trust and improve financial inclusion.

Thus, the study validates a relational model of life insurance decision-making in which AI serves not merely as an intermediary but as a behavioral bridge that connects cultural, social, and institutional antecedents to policy adoption outcomes. This insight has critical implications for practitioners and policymakers: enhancing agent training, promoting culturally sensitive communication, and strengthening institutional credibility are essential levers for improving policy uptake in under-penetrated markets like Nepal.

Limitations and Future Research

This study's purposive sampling limits the generalizability of findings to all Nepalese life insurance policyholders. Its cross-sectional design restricts causal inference, while regional variations in Nepal's diverse cultural and institutional contexts remain unexplored. Key demographic factors like income, education, and occupation were not controlled, potentially affecting results. Reliance solely on structured questionnaires excluded qualitative insights into consumer behavior. Additionally, focusing only on cultural perception, peer influence, and trust in institutions may overlook other important predictors. Future research should address these limitations by incorporating longitudinal designs, broader variables, and mixed methods to deepen understanding.

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Conflict of Interest

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Ethical Statement

This research did not require ethical approval as it does not involve any human or animal experiments.

Authors' Contribution and ORCID iDs

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Annex

Table A1: Measurement Items for Study Constructs

Construct	Code	Statement
Peer Influence (PI)	PI1	I have discussed life insurance with my friends.
	PI2	Colleagues influence my decision to consider life insurance.
	PI3	People around me recommend getting life insurance.
	PI4	I value the opinions of peers when deciding on life insurance.
	PI5	Friends who have life insurance make me consider buying it too.
Cultural Perception (CP)	CP1	Life insurance is seen as a necessity in my culture.
	CP2	In my community, having life insurance is a common practice.
	CP3	Cultural beliefs influence my willingness to buy life insurance.
	CP4	People in my country generally trust life insurance policies.
	CP5	Traditional values support life insurance as a long-term financial tool.
Trust in Institutions (TII)	TII1	I trust insurance companies to fulfill their commitments.
	TII2	Insurance companies in my country are reliable.
	TII3	Regulatory policies make me trust life insurance providers.
	TII4	I feel safe investing in life insurance with trusted firms.
	TII5	My confidence in insurers affects my purchase decision.
Agent Influence (AI)	AI1	Insurance agents help me understand life insurance better.
	AI2	I rely on agents for advice about life insurance policies.
	AI3	An insurance advisor simplifies the buying process for me.
	AI4	A good agent influences my decision to buy life insurance.
	AI5	I prefer consulting an agent before purchasing a policy.
Policy Purchase Decision (PPD)	PPD1	I have purchased a life insurance policy.
	PPD2	I have chosen a life insurance policy that suits my needs.
	PPD3	I am actively paying premiums for my life insurance.
	PPD4	I have completed the life insurance purchasing process.
	PPD5	I have successfully adopted life insurance in my financial plan.

Bios

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